

The Global Water Regime

Water's Transformation from Right to Commodity in South Africa and Bolivia

by

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Acronyms

ADN	Acción Democrática Nacionalista
AISA	Aguas del Illimani, S.A
ANC	African National Congress
APF	Anti-Privatisation Forum
AquaFed	International Federation of Private Water Operators
ASICASUR	Asociación de Sistemas Comunitarios de Agua Potable de la Zona Sur de la Ciudad de Cochabamba
BLA	Black Local Authorities
BOTT	Build-Operate-Train-Transfer
CAWP	Coalition Against Water Privatisation
COB	Central Obrera Boliviana
COHRE	Centre on Housing Rights and Eviction
CoJ	City of Johannesburg
COSATU	Congress of South African Trade Unions
DBSA	Development Bank of Southern Africa
DWAF	Department of Water Affairs and Forestry
EPSAS	Empresa Pública Social de Agua y Saneamiento
FEDECOR	Federación de Regantes de Cochabamba
FEJUVE	Federación de Juntas Vecinales
GEAR	Growth, Employment and Redistribution
GWP	Global Water Partnership
IADB	Inter-American Development Bank
ICWE	International Conference on Water and the Environment
IFI	International Financial Institutions
ISGWR	Inter-Secretarial Group on Water Resources
IUCN	World Conservation Union
IWRA	International Water Resources Association
IWRM	Integrated Water Management Resources
JOWAM	Johannesburg Water Management
JW	Johannesburg Water
MAS	Movimiento Al Socialismo
MIIU	Municipal Infrastructure Investment Unit
MIR	Movimiento de la Izquierda Revolucionaria
MNR	Movimiento Nacionalista Revolucionario
MSP	Municipal Services Project
NEP	New Economic Policy
NFR	Nueva Fuerza Republicana
NGO	Nongovernmental Organizations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OTB	Organizaciones Territoriales de Base
PPP	Public-Private Partnerships

PRI	Partido Revolucionario Institucional
PUP	Public-Public Partnerships
PWC	PriceWaterhouseCoopers
RDP	Reconstruction and Development Programme
SAMAPA	Servicio Autónomo Municipal de Agua Potable y Alcantarillado
SEMAPA	Servicio Municipal de Agua Potable y Alcantarillado
SIRESE	Sistema de Regulación Sectorial
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
WBCSD	World Business Council for Sustainable Development
WBI	World Bank Institute
WCD	World Commission on Dams
WHO	World Health Organization
WMO	World Meteorological Organization
WSP	Water and Sanitation Program
WSSA	Water and Sanitation Services South Africa
WSSCC	Water Water Supply and Sanitation Collaborative Council
WWC	World Water Council

Chapter 1: Introduction

When you drink the water, remember the spring. (Chinese proverb)

“Amaaandla!!”, cried the woman into the microphone. “Aweeethu!!” responded the enthusiastic crowd. “Amaaandla!!” shouted the speaker, even louder, a second time, and the 300 people in the room, all standing, responded in unison once again with renewed intensity: “Aweeethu!!” The original cry, which means ‘power’ in Xhosa and Zulu, was uttered by South African activist Virginia Setshedis at the end of an event in support of guaranteeing access to clean water for all people. The response she received from the audience means precisely ‘to the people’, and together they make up one of the traditional rallying cries of the fight against apartheid in South Africa. Nothing seems particularly unusual about this scene, which has probably been repeated thousands of times in South Africa over the past few decades. Except that it did not take place in South Africa. In fact, when this exchange occurred Setshedis was in Istanbul (Turkey), and among the audience she was addressing there were Bolivians, Italians, Indians, Canadians and activists from many other nationalities who had to be taught the meaning and pronunciation of the words they were chanting.

All these people had traveled to Istanbul in March of 2009 to protest the World Water Forum, a global meeting of individuals and organizations who gather once every three years to discuss water policy and the state of the water sector. Transnational social movements, however, are not a new phenomenon, neither are they limited to the water domain. What makes this movement significant? What drove its members to gather in Istanbul and to present their demands in the form of a revolutionary cry traditionally used against an exclusionary and

oppressive regime? These questions direct our attention away from the social movement itself and towards the reason for its emergence: a radical change in the way water is managed around the world that has taken place in the last three decades. Until the 1980s, water was mostly provided by governments in a subsidized way, which made the resource cheap and thus accessible to broad sections of the population. Since then, however, a new and powerful view based on the idea of managing water as an economic good has emerged, and with it came a push to privatize water provision and to make people pay for the full cost of the service. As a consequence of these changes, in many localities of the developing world water became prohibitively expensive for large segments of the population, who blamed private actors and mobilized to demand a return to the previous form of water delivery. These local movements soon realized that their individual struggles had common causes, and thus they started to coordinate with each other to build the transnational social movement whose members met in Istanbul. But *who* were these social movements protesting against? What *institutions* or *actors* did they target as the source of the new view of water as an economic good? These questions push us to consider not just the shift in water policy but the *way* in which this shift took place, which as I will show in this dissertation is where the true novelty and ultimate relevance of the recent changes in the water sector lie.

Water is most often managed and provided at the local or quasi-local level. Yet, as the existence of a transnational social movement suggests, the new ideas about water have global roots. Until the 1980s, however, there was no such thing as an ‘international water sector.’ There was no water organization in the United Nations system, no multilateral agreements dealing with water provision, not even a sense that water delivery in different localities had to follow any

established global blueprint. Some of these features have not changed. There is still no overarching United Nations water organization and there is no formal and agreed system for the global governance of water. But in the last two decades we have seen an explosion in the number of international organizations that deal with water issues, water research institutions, global water conferences, and the emergence of what is usually referred to as a ‘global consensus’ on water management. How can we make sense of the confluence of these two processes? How have we reached a global consensus on a new view of water without a defined system of governance?

Because of its lack of organization, some observers have described the international water sector as a chaos or a cacophony of institutions and events without any kind of internal coherence. Others have pointed their fingers to specific powerful actors as responsible for the changes in the water domain. In contrast to these views, I argue that, despite its informal and uncoordinated nature, there is a specific and novel system for the global governance of water to which I refer as the ‘global water regime’. This dissertation is an in-depth study of this regime, which I undertake by exploring how it came to be, what its form and mode of operation are, and what effects it has had for water access around the world.

Evidently, a comprehensive investigation of the entire global water sector and its influence all over the world would require time and resources that are beyond the scope of a dissertation. For that reason, in this work I will focus on the global water regime as a system of governance. Besides analyzing the regime itself, I will use two case studies to exemplify its effects and show how it operates at different levels and, in order to understand its limits and biases, I will also investigate the social movements that oppose it.

The two case studies deal with the evolution of water provision in two specific contexts. The first one is centered on South Africa, where I pay particular attention to the city of Johannesburg, while the second analyzes the case of Bolivia, and more concretely the Andean cities of Cochabamba and La Paz/El Alto. These are two ideal cases for the purposes of this study because both countries experienced radical changes in their political systems – both of them towards more inclusive and progressive regimes – during the period in which the new ideas about water became predominant. In South Africa, the political change took place in 1994 with the end of apartheid and the rise to power of the African National Congress. In Bolivia, the transition occurred in 2006, when the country's system of political representation collapsed and Evo Morales, a former coca grower and activist, became the country's first indigenous president. The relevance of these political changes for this study lies in the fact that they opened the door to radical reorientations of their water policies. Although they have different levels of economic resources (Bolivia being significantly poorer than South Africa), both countries entered their political transitions with a long history of exclusion and oppression of large segments of their populations, who as a consequence had very poor access to water services. The breaks in water policy that took place in both countries were thus aimed at expanding access to water to hitherto excluded groups, and it is precisely the need to find new approaches in water policy that makes South Africa and Bolivia perfect cases to assess the influence of the new global view of water as an economic good.

Despite their similarities, there is a key difference between South Africa and Bolivia that makes the parallel analysis of both cases particularly interesting. While Bolivia entered the 1990s heavily indebted to international financial institutions and thus was forced to adopt specific

policies through loan conditionalities, South Africa's isolation during apartheid meant that foreign actors had no leverage to obligate the country to follow their prescriptions. Given that, as we will see, loan conditionality has often been identified as the channel through which the new global water ideas reached Bolivia, the comparison of its policies and outcomes to South Africa's is particularly illuminating.

This study also devotes considerable attention to the global water social movement. As we will see, the global water regime presents itself as open and participatory, yet there are strong social movements who claim that their views about water policy are systematically dismissed by the regime, and thus are forced to oppose it from the outside. The global governance of water, therefore, cannot be fully analyzed by only paying attention to the global water regime and needs to consider the role of social movements. In fact, the characterization of the global water regime as a system of governance cannot be complete without understanding how it relates to social movements since it interacts with and is affected by them.

At the end of this chapter I will describe the structure of this dissertation and the basic arguments put forth in each section in more detail, but before I can do that and move on to the analysis of the global water regime three more tasks need to be undertaken. The first one involves a brief exploration of water and its characteristics. There are several factors that make water a very special resource, and these need to be made explicit and taken into account because they shape the sector in charge of its provision. The second task is a review of the academic literature that pays attention to existing accounts of the recent changes in the water sector, international regimes, and the dissemination of knowledge and policies across borders. The final task that I will tackle in this chapter is a discussion of the research methodology used in this

project. The exploration of global processes and their implications down to the local level presents methodological challenges that need to be addressed in order to be able to assess the claims that I will make throughout this work. I will take on each of these tasks in turn.

1.1. Water: A Special Resource

Water has several features that make it particularly important, complex, and hard to deliver. Some of these features are the product of biological needs and chemical characteristics, but others are entirely social and thus cannot be assumed to be invariable across societies and time. Below, I will focus on the most general aspects of water and water delivery in the modern world, but the reader should be aware that I do not mean to be essentialist or exclusive in my review.

It can be argued that there are five levels at which water fulfills human and environmental needs. First, water is indispensable for human life. Human beings are primarily comprised of water and can only survive a few days without it. Water is also a key constituent of other organisms, a building material in plant photosynthesis, a solvent for soil nutrients, and the most important regulator in the heat budget of the earth. Water is therefore also essential for humans as a critical component of the ecosystems from which women and men feed and in which they find the elements that they need to survive (Baumgatner and Retchel 1975; Miller 1977).

Second, water is a basic element for human health (World Health Organization 2001). Healing properties have been attributed to water since antiquity, although it was not until the 18th and 19th centuries when scientists such as Pasteur were able to demonstrate the role that hygiene and the use of clean water play for human health (Goubert 1989).

Third, water has economic uses. Beyond its obvious use in agriculture and the production of food, water is a key input in industrial processes, a source of energy, and a means of

transportation (Tölgyessy 1993:13; Gibbons 1986). The combination of its effects on health and on economic processes makes water fundamental for development, a function that I will explore in more detail in chapter 2 (Unesco 2003).

Fourth, water has recreational and aesthetic uses, such as swimming and boating in rivers and lakes, swimming pools, spa resorts, or fountains (Gibbons 1986; Easter and Renwick 2004).

Finally, water has symbolic and cultural value for human beings. The cultural identity of entire civilizations revolves around water, water has religious connotations in some societies, and worldviews and lifestyles of different peoples have been built around specific understandings of their relationship with water (Shiva 2002). This will be a very relevant factor in the case studies presented in chapters 3 and 4, particularly in the one centered on Bolivia.

These five types of needs fulfilled by water stress the uniqueness of this resource and, even more importantly, its absolute indispensability for the survival and flourishing of all human beings. However, there is another set of specificities about water that make it an important element for human societies. As a natural resource not susceptible of artificial production by humans, water availability becomes a central factor in determining the form and organization of all societies.

Three quarters of the Earth's surface are covered by water, of which there is approximately 1.4 billion cubic kilometers. If spread evenly over the globe, water would cover the earth to a depth of 2.7 kilometers. Yet only 2.6 percent of the total is freshwater and therefore available for human consumption and irrigation, which means that only 70 meters of the 2.7 kilometers of evenly spread water around the world would be freshwater. But not all of this water is usable at a given time. Two-thirds of the total available freshwater is trapped in polar icecaps

and permanent snow cover, a negligible amount is in the air in the form of clouds, fog or rain, and an even smaller quantity is in the biosphere (within living beings). The remaining 30 percent is not readily available either. Much of it lies too far underground to exploit, and the rest is continuously circulating in what is known as the water cycle. Returning once more to the analogy of spreading water evenly over the globe, the amount of the resource in lakes and rivers which can be used by humans would only go 1.82 meters deep in the 2.7 kilometers covered by all the water available in the planet (De Villiers 2000:35-6; Pielou 1998:1-4).

The existence of the water cycle means that the available freshwater is a renewable resource. Yet three qualifications must be made to this assertion. First, the time it takes for the water cycle to be completed is variable (from about six days for most rivers to hundreds or even thousands of years for groundwater and the largest lakes and glaciers) and it depends on geo-hydrological processes which escape human control (De Villiers 2000:36). Second, there is a great amount of variability in the availability and specific characteristics of the water cycle in different locations and climates. Twenty percent of the global water runoff flows through the Amazon basin, whereas areas such as the Arica desert in Chile registered 40 consecutive years of zero annual precipitation in the first half of the 20th century (De Villiers 2000:37). Finally, freshwater is an inexhaustible yet damageable resource. Water use by humans, particularly in industry, can affect its quality to the point of making it unsuitable for human use and of distorting the ecosystems of which it is a central element (Gleick et al. 2002:5). Human beings have also affected the water cycle through activities that generate soil deterioration, desertification and (if you do not believe that it is a big global conspiracy) climate change. All these elements combine to suggest that, despite its renewable nature, there is a serious danger of over-exploiting the water

resources available at any given time, and thus its use should take into account the consequences that it will entail for future water availability (Tölgyessy 1993:6-9).

A basic characteristic of water delivery in human societies is that its provision takes place at the local or quasi-local level. This is a product of water's low price-to-volume ratio, which makes its transportation over long distances uneconomical. Certainly, there are a few examples of water transfers over across regions that have occurred in recent years: through pipelines, the physical transport of liquid water in tankers or large bags towed through the ocean, the capture and use of icebergs, or the increase in sales of various forms of bottled water. However, the cost of such transfers far exceeds the price that most municipalities and industries currently pay for a reliable water supply, and therefore these are isolated and usually short-lived experiences. Even with its high costs and energy consumption, desalination is usually a preferred alternative for regions with water shortages (Gleick et al. 2002:11-19).

A final note of crucial importance for this dissertation is the common distinction in the water sector between *water as a resource* and *water services*. Water as a resource refers to water that is found in nature and how human societies appropriate it. The management of water as a resource involves the construction of dams and reservoirs, irrigation schemes, canalization to bring water to cities, and storage facilities. In contrast, water services entail the delivery of water for human consumption to final users, and includes the monitoring of water quality and the provision of sanitation facilities. In a nutshell, water as a resource refers to the actions undertaken to bring water from nature to where it is needed (e.g. from a river to a city), whereas water services involve the delivery of that water to users (e.g. once water reaches the city, how it is delivered to different people for different uses, how much it costs, etc.) Each of these aspects

of the water sector requires very different types of actions and management approaches, and they are usually administered by different authorities with independent institutions. In this dissertation I am mainly interested in water access for vulnerable populations, and thus my attention will be mostly focused on water services. However, the global water sector includes both subsectors, and therefore at times it will be necessary to explore water as a resource (or bulk water) issues in this study. In fact, one of the complicating factors in the operation of the global water regime, as we will see, is that these two subsectors are often conflated (John Briscoe interview, Barry Jackson interview). Thus the principles and policies that are developed for one of the water subsectors are sometimes indiscriminately applied to the other, thus leading to confusion and less than ideal outcomes.

1.2. Current Understanding of the Recent Shifts in the Water Sector

The significant changes that have taken place in the international water sector in the last two decades have not gone unnoticed by scholars, yet the novel nature of these changes has led to widely different assessments of the phenomenon and its origins. One line of research is exemplified by the work of Michael Goldman (2005, 2007, 2009). Particularly in his book *Imperial Nature* (2005), Goldman traces the development and promotion of the new view of water as an economic good to the World Bank. He argues that in the last few decades the World Bank has turned its focus from the funding of development projects in poor countries to the generation of knowledge, becoming what the Bank itself refers to as a ‘knowledge bank’ (World Bank Institute 1999:21). In this capacity, the World Bank affects not only the policies that it implements or funds directly, but also those based on the knowledge that it generates and is adopted by independent actors. Goldman argues that the World Bank has managed to spread the

knowledge it produces by building ‘transnational policy networks’, which “typically include officials and/or representatives from large corporations, state ministries, NGOs, engineering firms, media conglomerates, UN and World Bank agencies, national and international scientific councils, and even eminent personalities” (Goldman 2005:225). Central to the conformation of these networks and their dissemination of knowledge are the training activities in which the World Bank engages through the World Bank Institute (WBI). As an indicator of the scale of the Institute’s reach, Goldman reports that in 2002 the WBI organized 560 activities in collaboration with over 400 partner institutions in which more than 48,000 individuals from 150 countries participated (Goldman 2005:226). It is precisely through these activities that, according to Goldman, the new views about water management espoused by the World Bank spread and became hegemonic.

An alternative explanation is put forth by Anne-Marie Slaughter (2004). Slaughter recognizes the importance of the World Bank as a source of knowledge for policymakers in developing countries (Slaughter 2004:178-9). Yet instead of focusing on the Bank as the builder of transnational policy networks, she emphasizes ‘transgovernmental networks’, which are networks of government officials from different countries who collaborate in the harmonization of their internal policies in specific areas¹. Slaughter acknowledges that transgovernmental networks are not a new phenomenon, but she argues that “[w]hat is new is the scale, scope, and type of transgovernmental ties” (Slaughter 2004:10), which have expanded and become more dense and active in recent years. Slaughter does not explore the international water sector in detail, but she does offer the example of a workshop that took place in South Africa in 2002 in

¹ Slaughter’s theory is based on the observation that governments are not unitary entities. On the contrary, she argues, they are composed of relatively autonomous bodies that interact with each other in various ways. In her own expression, states nowadays are “disaggregated” (Slaughter 2004:12).

which 1,300 parliamentarians from 105 countries discussed and learned how to improve air and water quality in their countries (Slaughter 2004:117). For Slaughter, this shows how it is through the direct contact of policymakers of different countries in the water sector that policy innovations emerge, are communicated and spread.

These two views offer antagonistic explanations for the emergence of new water policies and their diffusion. Goldman emphasizes a top-down approach that originates in the World Bank. Even if transnational policy networks do play a role in Goldman's account, they are described as the means through which the World Bank succeeds in imposing its ideas. In contrast, Slaughter stresses the direct horizontal relationships and interactions among policymakers from different countries as the source and form of dissemination of new policies. Is one of these views more accurate than the other? Can they be reconciled?

As we will see through the course of this dissertation, both Goldman and Slaughter identify crucial elements for a proper understanding of the recent changes in the global water sector. The World Bank does play an important role in generating and disseminating knowledge, and horizontal networks of policymakers (but also of experts, practitioners, and researchers) do contribute to the diffusion of the new ideas. However, these authors do not show the entire picture of what has happened in the water domain in the last two decades, and it is precisely because of their incompleteness that their perspectives seem to contradict each other. Neither Goldman nor Slaughter explore the structure of the networks that they argue play a key role in the global water sector, and this leads them to identify their entry point into those networks – the World Bank in one case and government officials in the other – as the fundamental actors driving the dynamics that flow through the networks. They pay attention to the beginning and the end

points of the processes that they study, and assume that everything that happens in between follows the original impulses without experiencing any modifications.

My perspective differs from theirs markedly. I specifically analyze the way in which different actors in the water sector relate to and interact with each other. I do this without assuming that all the influence exercised in the water domain needs to be traced back to an intentional powerful actor, but also without hiding behind the complexity of a dense network of actors to dismiss the study of power relations. From my investigation, I conclude that despite its appearance of an unstructured field, the international water sector is organized in a coherent – even if informal, unintentional and inefficient – system of governance which is riddled with power and thus favors certain types of outcomes over others. However, this system, which I call the global water regime, does not take any of the traditional forms of governance that we expect to find at the international level. For that reason, it is necessary to turn our attention to existing theories that conceptualize governance systems and forms of policy diffusion in order to identify their shortcomings and be able to present a coherent theorization of the type of governance embodied in the global water regime.

1.3. International Regimes and Policy Diffusion

The diffusion of ideas and policies across borders has been studied by sociologists and other social scientists for quite some time. An early line of research focuses on the diffusion and adoption of innovations, which can be traced back to Rogers' (1995 [1962]) seminal work. The focus of this work is on the spread of technological innovations, while the origin of those innovations and the exercise of power in their diffusion are mostly sidelined. The core assumption of this approach is that an efficient innovation will be adopted by other actors who

come in contact with it, and the researchers in this tradition attempt to understand how this process takes place. Social systems and norms do play a role (sometimes making the adoption of an efficient innovation impossible), and some key actors (such as opinion leaders or change agents) are deemed important for the adoption of innovations. But the existence of international organizations that push for specific policies, formal structures or regimes that work toward the creation and dissemination of patterns of conduct, or networks of experts that help to legitimize certain practices, all of which are present in the global water sector, fall outside of the scope of this research. On the whole, the ‘diffusion’ literature has a voluntaristic orientation, in the sense that it sees the adoption of policies or innovations as the product of a voluntary decision by individual actors, and thus it ignores how power and structures determine the context in which these decisions take place (see, for instance, Busch, Jörgens, and Tews 2005; Wejnert 2002). While the new water policies are often presented as technical innovations that will ensure the effective and efficient provision of clean water, they should not be merely seen as isolated inventions that are adopted by all kinds of actors based on their merits alone. As I will show in the next chapter, the production and dissemination of these new ideas is a complex process that involves a number of institutions and types of actors, and thus we need to move beyond the ‘diffusion’ literature and explore research that focuses on institutions.

A fruitful line of investigation that follows this direction is the strand of institutionalism usually referred to as the ‘world polity’ approach. This approach was spearheaded by John Meyer and his collaborators, who have published numerous works on the diffusion of policies across borders. At the core of this institutionalism lies the claim that the world has seen the emergence of a ‘world culture’ which contains ‘models’ for different practices and institutions. These

models are adopted by actors around the world irrespective of their efficiency or of the existence of viable alternatives because they are seen as legitimate. The proponents of this view have produced studies of the state, the education system, and nongovernmental organizations among others, stressing how the form adopted by these institutions in different countries is remarkably similar despite their diversity in both history and context (see, for example, Meyer 2010; Meyer et al. 1997). This approach is useful because it directs our attention to the ‘irrationality’ of the policies adopted in the water sector, which are often based on generic blueprints that ignore local circumstances, and forces us to confront the implications of applying global models of water management to very diverse realities. I will specifically pay attention to this issue in the case studies of South Africa and Bolivia in chapters 3 and 4 respectively. Despite its uses, however, this line of research is limited because it fails to pay proper attention to questions related to the origin of the global models it studies, as well as to the role of power in bringing them to life and in determining their adoption.² These are central concerns of this dissertation, and therefore we need to find further guidance in other literatures.

The weaknesses of the ‘world polity’ approach are addressed in the institutionalist tradition that emerged within organizational studies in the 1980s. DiMaggio and Powell (1983) argued, similarly to Meyer, that organizations do not adopt innovations or structures only because of their efficiency, but also to conform and gain legitimacy within their organizational field. But DiMaggio and Powell go beyond Meyer in that they identify three mechanisms through which this ‘institutional isomorphism’ (as opposed to the competitive isomorphism that takes place in fields with free and open competition) takes place. These are coercive

2 There have been some attempts to incorporate ‘power’ into the ‘world polity’ approach. Notable examples are Beckfield 2003, Paxton, Hughes, and Green 2006 and Hughes et al. 2009. Despite these examples, the general thrust of work in this tradition remains devoid of power.

isomorphism, which involves formal and informal pressures; mimetic isomorphism, which consists of imitation in the face of uncertainty; and normative isomorphism, which responds to the cognitive base set by professional organizations in a particular field and which establishes the conditions for legitimacy in that field (DiMaggio and Powell 1983:150-1). This is an inherently institutional perspective but, as the description of these mechanisms makes evident, it does not shy away from considering the effects of power. DiMaggio and Powell understand power as the capacity that some actors have to set norms and rules (i.e. institutions) that determine the behavior of other actors within the field (DiMaggio and Powell 1983:157). This differs from the direct influence (as opposed to via institutions) that powerful organizations can exert on others, which they label ‘elite control’ and associate with Marxist approaches. These different understandings of power, which as DiMaggio and Powell recognize mirror Lukes’ (2005 [1974]) work, are useful in the analysis of the water sector, which has experienced a change in the rules that regulate its institutional field. As I will show in the next three chapters, the three mechanisms of institutional isomorphism identified by DiMaggio and Powell are all present either in the creation or in the dissemination of the new view of water as an economic good at the international level.

An interesting and relevant offshoot of this approach is the work centered on the notion of ‘epistemic communities.’ This is an extension of DiMaggio and Powell’s ‘normative institutionalism’ focusing on the role of professional associations. Epistemic communities are “networks of knowledge-based experts” that play a role “in articulating the cause-and-effect relationships of complex problems, helping states identify their interests, framing the issues for collective debate, proposing specific policies, and identifying salient points for negotiation”

(Haas 1992:2). The role of experts will be crucial in my assessment of the global water regime, particularly for its conformation in the mid-1990s. However, this approach suffers from the same problems that I ascribed to Slaughter's 'governmental networks' in the previous section. We cannot make sense of the global water regime by looking at only one set of actors. The relationships between them are precisely what determines power relations and the outcomes of the regime as a system of governance.

A way forward is offered by the research tradition that focuses on the concept of 'regimes.' There are various approaches to this term, and they sometimes use it in quite different ways. One of these comes from 'regulation theory,' which was born in France in the 1970s. It emerged as an attempt to explain the changes that Western economies experienced after the crisis of the early years of that decade, but it can and has been applied to other fields (Lipietz 1987). Regulation theory is interesting for the purposes of this dissertation because of its focus on change and evolving structures, as well as its adoption of an analytical stance that endorses "[n]either individualist reductionism nor structuralist invariance" (Boyer and Saillard 1995:58). Regulation theory sees society as a network of social relations that are contradictory in nature. Yet despite such intrinsic contradiction there are sustained periods of time in which the configuration of social relations is stable, conforming a 'regime of accumulation'. This lasting regime of accumulation is achieved through a given set of behavioral patterns and institutions called 'mode of regulation', which shapes individual expectations and behavior so that they conform to the requirements of the regime of accumulation (Lipietz 1987).

When applied to fields other than the economy as a whole, this understanding of 'regimes' is used to study stable but non-formal institutional arrangements and how they change.

One of its applications, for instance, can be found in the work on food regimes spearheaded by Harriet Friedmann, which studies how different configurations of actors and power relations determine the birth and reproduction of different ‘food orders’ across time (see Friedmann 1982; Friedmann and McMichael 1989; Friedmann 2009). And the approach is also employed by Talbot (2004) in his study of the global coffee industry, which highlights the asymmetries of power between transnational corporations and small farmers. Regulation theory thus offers a conceptualization of international institutional orders that are not formalized or deliberately agreed, which nicely captures the general features of the global water regime.

These kinds of institutionalism, however, are limited because they assume relatively anarchical organizational fields in which organizations are not hierarchically and formally linked, and thus it does not pay much attention to the inner structure of those fields. This problem can also be attributed to Goldman’s work (reviewed above). Goldman’s transnational policy networks are driven by the World Bank, and therefore he is not compelled to explore the structure and operation of the networks themselves as separate institutional fields where power is independently exercised and transmitted.

In contrast, the structure of international governance systems is central to a different theoretical approach to ‘regimes’ usually identified with the label of ‘international regimes.’ This tradition is associated with the institutional school within the discipline of international relations, and it attempts to go beyond the realist (in the sense that international relations scholars use the term) understanding of the world, which sees the international arena as an anarchic environment where self-interest, power and influence rule. In his seminal treatment of international regimes, Krasner (1982:186) defined them “as sets of implicit or explicit principles, norms, rules, and

decision-making procedures around which actors' expectations converge in a given area of international relations." This definition encompasses a wide range of possible types of relations between actors at the international level, from carefully formalized and hierarchical international agreements between governments on one end to mere patterned behavior on the other. Haggard and Simmons (1987) argue that such a broad definition of international regimes is confusing, and thus support using the term to refer exclusively to explicit formal agreements.

This view has become predominant in the study of international regimes, which focuses mostly on treaties and specialized organizations that deal with international problems. It has been widely applied to the study of environmental regimes that attempt to tackle international problems such as acid rain (Young 1994) or pollution in the Mediterranean sea (Haas 1990).

This narrow understanding of international regimes might make its study easier, and it certainly deals with the structure of systems of governance and thus with relationships among actors. However, the exclusive focus on formal agreements has the unfortunate side effect of blinding us to the existence of governance systems at the international level when these are not intentional and formalized.

As my description of the global water regime in chapter 2 will show, in the water sector there are no international regimes in the restrictive sense mentioned above. Yet I argue that there is a coherent system of governance which needs to be understood if we want to make sense of the recent dynamics in the water sector. How can we conceptualize these types of governance structures?

A promising solution is offered by Gramsci in his study of hegemony in Italian politics (Gramsci 1971). Hegemony for Gramsci refers both to the domination achieved and the

leadership exercised by a party. It involves a deployment of power which is not based on force, but on cultural and cognitive elements. These elements are internalized and taken for granted by the dominated, even if they respond to the interests of the rulers. This concept is useful for the study of the global water regime because, as we will see, this regime implies the existence of a perceived consensus about how water should be managed and delivered. This consensus has been actively promoted by a group of independent actors operating in a loosely coordinated but not formally regulated way, and is accepted by other actors as ‘the’ way in which water should be managed.

How is hegemony enacted? In his study of Italian political struggles in the 19th century, Gramsci noted that there are two different ways of establishing hegemony. The first one works through careful organizational action by a party that follows a well-defined plan. This form of achieving hegemony can be connected to the formal regimes established in international agreements, which involve well-specified rules among a specific group of actors (i.e. a plan). Yet Gramsci identified a second path to hegemony, which he referred to as ‘liberal’ or ‘molecular.’ Hegemony here is enacted through the uncoordinated actions of independent actors, who manage to avoid conflict and move in the same direction because they are, as Gramsci put it, ‘naturally condensed.’ This means that, when these actors start to operate independently, they already have similar orientation and goals, and this gives them the coherence necessary so that their actions reinforce each other and contribute to building hegemony. Through this process, these agents manage to attract other actors to their views ‘spontaneously.’ The informal nature of the relationships among the rulers means that there is no semblance of collusion when they promote a certain policy, and this makes its acceptance as the ‘consensus’ much more likely (Gramsci

1971:59-60).

Gramsci's ideas suggest that the convergence of views and actions that leads to the establishment of hegemony can take place in a decentralized way, which opens the door to looking at the global water sector as governed by a type of regime that departs from traditional formalized agreements between states. This means that we do not need to accept that the absence of a formal structure implies the absence of a governance regime, or that a regime has to be explained exclusively with reference to one powerful actor or as an amorphous network of homogeneous agents.

I am not suggesting that any and all patterned behavior at the international level should be considered a regime, but I do argue that a regime can exist even when there is no formalized structure. The minimum criteria that I will consider for the existence of this type of 'molecular' regime are: (1) Stability: the governance structure should be recognizable across time, and thus it cannot be just the product of a specific event or situation that withers away; (2) Identifiable actors: although it is not necessary to comprehensively list all the actors that take part in the governance regime, it should be possible to identify a central set of actors that relate with each other and regularly participate in shaping and/or disseminating norms, rules and decision-making procedures in a particular international arena; (3) Operational determinacy: the channels through which norms, rules and decision-making procedures are created and diffused should be discernible through analysis, and these channels should have a certain degree of stability. They do not need to be invariable, and they can certainly evolve through time. But this should be a slow, identifiable process that does not essentially change the orientation or the correlation of forces that determine the outcomes of the regime. If such a change occurs, we would be in the

presence of a different regime (or of no regime).

In order to convincingly argue that the global water regime is such a type of ‘molecular’ regime, I need to explore three different processes. First, there needs to be an explanation of the ‘condensation’ or convergence of interests among different actors, which is what allows their independent actions to promote a specific view of water management. In chapter 2, I will undertake a historical exploration of the water sector since the 1970s in order to make the case that in response to several challenges and ideological contexts, a number of actors in the water sector came to the conclusion that water management should be approached from an economic perspective. Second, I need to show that the result of the actions of condensed agents is indeed a regime following the criteria established in the previous paragraph, that is, that there is a stable structure with identifiable actors operating in a determined way to establish principles of water management. I will make the case for the existence of such a regime in the water sector and I will describe its mode of operation in chapters 2, where I will analyze the origins, form and operation of the regime itself, and 5, where I will explore the relationship of the regime with opposing ideas promoted by social movements. Finally, a regime of the type described above should be able to elicit adherence to its principles and ideas without the use of force, thus achieving legitimate domination over actors who might not benefit from the ‘consensus’ put forth by the regime. In the case studies included in chapters 3 and 4, I will analyze the effectiveness and consequences of the regime by studying how its ideas penetrated South Africa and Bolivia even after both countries elected progressive governments who originally opposed such ideas.

Before moving on to tackle these tasks directly, I will describe and discuss the research methods employed in this investigation.

1.4. Methodology

The research project laid out in this dissertation presents some serious methodological challenges. Some of these challenges are inherent in any investigation that attempts to bridge geographical levels, and particularly to connect the global with the local. This is because the complexity of social processes at each level makes it very hard to identify and isolate the effects of dynamics that take place at one level on other levels, particularly when these dynamics work through symbolic channels.

This, however, is not the only methodological difficulty faced in this study. Another one comes from the asymmetrical nature of the different components of my research. Not only am I dealing with the relationship between global and local processes, but I am presenting two case studies which two explore the evolution of water policy in two countries and an exploration of the global water movement and its relationship with the global water regime. It is thus not possible to merely consider all these components as parallel instances of a general process that can be analyzed in the same way.

A further source of complexity derives from the nature of both water as a resource and the global water regime. The indispensability of water for human societies means that the determination of policy is not left only to government officials who negotiate agreements in consultation with a few key stakeholders. Water access is a vital element for individuals, industry, agriculture, services, the environment, development, and so on, and therefore water policy is subject to opinions and pressures from multiple sources with widely divergent motives and orientations. Moreover, the global water regime is not explicitly agreed and operates in a non-formal way. The combination of these factors makes the identification of relationships and

lines of influence in the water domain particularly difficult.

The approach that I employ to tackle these challenges involves three different steps. The first one is the identification of an ‘element’ that can be followed through geographical levels and research components in order to connect these to each other, as well as to provide some focus to my research efforts and an unifying thread from which I can search for answers and elaborate explanations (Marcus 1995:105). This is in essence not different from the ‘commodity chains’ approach, which follows a given commodity as it physically moves from one place to another in its process of production and distribution (Gereffi and Korzeniewicz 1994). However, the obvious choice for this study, which would be to follow the trajectory of water, is not applicable because, as I argued above, its low price-to-volume ratio means that water is not widely traded and is mainly provided at the local or quasi-local level. An alternative is offered by my explicit interest in the global governance of water. Given that water is delivered locally, such governance involves mainly the creation and dissemination of knowledge about water and how it should be managed. This means that although water does not travel, ideas and principles about water management do. In this research, then, I follow the path of such ideas and principles, which as we will see are formulated at and spread from the global level, translated into and applied as specific policies nationally and locally, and opposed by social movements at all levels.

The second step that I take to deal with the methodological challenges of this investigation is the determination of the geometry of my research. This implies the identification of how its different components – the analysis of the global water regime, the case studies of South Africa and Bolivia, and the exploration of the global water movement – are connected to each other by the trajectory of water ideas and principles. Given the asymmetry of these

components, I cannot just analyze them in parallel. My research, however, shows that the path followed by water ideas and principles in the last three decades can be schematically described as a circular process. As I will show in the next chapter, the new ideas about water management were generated and pushed from the global level down to the national and local scale. Their application at the local level had negative effects for the access to water of vulnerable populations, which spurred local opposition. These local movements then realized that the problems they confronted were shared by similar groups in other parts of the world and that the origin of those problems was global. This, in turn, led them to start coordinating with each other to build a global social movement which generated alternative ideas about water management and attempted to promote them at the global level, thus closing the circle. This is, of course, a simplification of complex processes that involved interactions that took place in all directions and at all levels. But as I will show throughout this study, this is an accurate approximation of the trajectory of water management ideas in the recent past. This approximation provides an underlying narrative that allows me to use the ideas about water management as a thread with which to sew all the components of my research together in a coherent way. I use this logic to organize the presentation of my research in the different chapters of this dissertation.

The last step in my methodological approach involves the choice of specific research methods for data collection. Given the non-formal nature of the global water regime, I use a range of qualitative methods that allow me to apprehend its elusive structure and mode of operation. I conceive of this task as an ethnography through which, by interacting with a range of actors and participating in a variety of events, I am able to identify the patterns, agents, and underlying power relations that conform the global water regime. There have been several efforts

in recent years to take ethnography beyond the traditional practice of the researcher in “solitary confinement” and “bound to a single place and time” (Burawoy 2000:4). Burawoy and his collaborators (2000), for instance, propose doing ‘global ethnography,’ which implies studying, from the ground up, the lived experiences of people affected by global processes. Global ethnography explicitly studies more than one location. The ethnographer has to “self-consciously combine dwelling with traveling” (Burawoy 2000:4) in order to follow the lines of influence of the processes identified at the local level and discover their global determinants. The emphasis on fieldwork that encompasses several locations is also at the core of ‘multi-sited ethnography,’ which Marcus (1995) argues is necessary in order to be able to adopt a global perspective when studying the local. In his review of multi-sited ethnographies, Marcus argues that the different research locations are linked by following a variety of elements (people, things, metaphors, stories, biographies, or conflict) across them. This is precisely the method that I adopted for this study, as I argued above, by following ideas and principles of water management across levels. The exploration of policies – which are what the ideas and principles of water management are translated into at the local level – through ethnography is also a relatively new area of interest of anthropologists, who have been devoting increasing attention to the ‘anthropology of policy’ with a particular focus on how power relations shape policies (see Shore and Wright 1997). A similar approach to ethnography but with a focus on institutions is introduced by Dorothy Smith. Her ‘institutional ethnography’ “aims to make visible the forms of ruling that are largely not observable from where we are” (D. E. Smith 2005:220). By investigating how people’s activities are coordinated, the institutional ethnographer manages to “go beyond what people know to find out how what they are doing is connected with others’ doings in ways they cannot see” (D. E.

Smith 2005:225).

These different approximations to ethnography constitute a solid foundation on which to base the research methods of this study. Through a multi-sited ethnography that focuses on people and institutions linked by their different roles in the determination of water policy, I uncover the invisible structures and power relations that underlie the global water regime.

In practical terms, this methodology was applied in a year of fieldwork divided in three separate phases of equal length. I started by spending four months in South Africa, with base in Johannesburg. The following four months I traveled to Bolivia, where I divided my fieldwork in equal parts between La Paz/El Alto and Cochabamba. I devoted the last four months of the year to an exploration of the global institutions that are at the core of the global water regime, which took me to several locations in Western Europe and the United States. During this period I conducted 108 semi-structured interviews with different types of stakeholders in the water sector: policymakers, managers, staff from international organizations and NGOs, researchers and experts, and members of local and transnational social movements. I also attended a number of events related to water policy, from conferences and workshops to social movement meetings and rallies, including visits to the 2008 Universal Exposition in Zaragoza (Spain), which revolved around the topic of water, and to the World Water Forum in Istanbul (Turkey) in March of 2009. Additionally, I did extensive archival research to reconstruct the evolution of ideas and principles about water management through the last few decades, as well as of the water policies adopted in South Africa and Bolivia and by different international organizations.

The outcome of these activities was a deep understanding of the workings of the global water regime which I present following the structure introduced in the last section of this chapter.

1.5. Outline of the Dissertation

This dissertation is organized following the circular process in the evolution of water policy identified above. Chapter 2 is devoted to the global water regime. It starts with a chronological review of the history of water management, with particular emphasis on the international water sector and the changes that it experienced in the 1980s. I follow with an account of the emergence of the global water regime in the 1990s, and I end with an exploration of the form and operation of the regime, as well as of the ideas and principles that it promotes and disseminates. This chapter concludes that the view of water as an economic good is presented by the regime in an abstract way that depicts it as combining equity and efficiency concerns. However, water policy is implemented at the local level, and thus I argue that the validity of the regime's claims can only be assessed by exploring how this view is translated into specific policies.

Hence in chapters 3 and 4 I move down to the national and local levels to study the changes in water policy in South Africa and Bolivia in the last three decades. In both countries I pay particular attention to how new governments with a markedly progressive orientation adopt some of the policies associated with the view of water as an economic good, such as different forms of privatization and full cost recovery. I argue that this is the result of ring-fencing, which consists in separating water utilities from other government entities, thus forcing them to generate their own resources to operate. This means that progressive water managers find themselves constrained and have to adopt policies, such as full cost recovery, which they see as the only practical way of delivering water. I also show how the view of water as an economic good involves a certain logic of service provision that is internalized even by stakeholders who starkly oppose this view in principle, leading to contradictory policy decisions.

In the course of my study of South Africa and Bolivia, I document the negative implications that some of the water policies adopted have had for the access to water of vulnerable groups, and how these sparked social mobilization which, in both countries, was particularly intense. In chapter 5 I then explore how activists from different parts of the world realize that they are facing similar problems and that these have global origins, which leads them to coordinate their activities and build a global water movement. This movement has adopted a view based on the notion of the human right to water, which they see as opposed to water as an economic good and which they have promoted by directly confronting the global water regime in a variety of ways. This chapter thus closes the circle and moves back to the global level. In this chapter I also pay attention to the World Water Forum in Istanbul, where the clash of views espoused by the global water regime and the global water movement was evident and hence constituted a good source of evidence on how the regime responds to external criticism and evolves.

Finally, in chapter 6 I make a general assessment of what we learn from the different components of this dissertation and how they combine to provide a complete characterization of the global water regime and its operation. I conclude that, despite the rhetoric that combines equity and efficiency and its self-presentation as open and participatory, the regime disproportionately promotes the views of powerful actors, particularly corporate interests. When these views are translated into specific policies at the local level, they tend to bring negative effects for the access to water of vulnerable populations of developing countries. I argue that the adoption of ring-fencing as the framework within which the view of water as an economic good is deployed makes the emergence of trade-offs between equity and efficiency considerations

inevitable, and thus a durable solution to the controversies in which the water sector finds itself requires a new approach that is based on different principles.

Chapter 2: The Global Water Regime

In the previous chapter I delineated the theoretical contours of what I call the global water regime, the complex of organizations, ideas, and initiatives that emerged in the 1990s and through which the global governance of water takes place. In this chapter I explore the global water regime in detail. The first half of the chapter is devoted to a historical account of how the regime came to be. Two main threads run through this section. The first one involves the continuous failure of the international public sector to create a global water organization or, at least, a coherent system of global governance for water. This failure culminates in the emergence of the *sui generis* global water regime. The second thread departs from the realization that business-as-usual will not solve the problems of water access in the world, and continues with an analysis of the progressive formation of a new view of water management based on treating water as an economic good. It is precisely the connection of these two threads, the development of a certain view of water in the absence of a formal system of global governance (what I referred to as ‘condensation’ of ideas in chapter 1), that makes the emergence of the global water regime in the 1990s possible.

The second part of the chapter focuses on the global water regime itself and attempts to characterize its form and mode of operation, as well as the views and policies that make up its content. The main goal of this section is to convince the reader that, despite the lack of a formal and planned structure, the global water regime constitutes a novel and coherent system of global governance for the water sector whose consequences need to be explored and understood. I also show that despite its open and participatory character, the operation of the global water regime is imbued with power and thus gives priority to some ideas and actors over others.

2.1. Towards the Global Water Regime

2.1.1. *The 20th century and international attention to water*

The history of modern potable water provision begins in the 19th century with the establishment of the first water supply systems in some European cities. These were usually the product of private initiatives and served affluent areas whose inhabitants had the financial capacity to pay for the service. But with the fast growth of cities and the ensuing problems of salubrity and ill health, as well as the scientific developments that identified poor access to water as a key factor in the emergence and spread of diseases, the public sector began to take over water provision operations. This was done in order to ensure that everyone in the city would have access to water and thus dangerous epidemics (and fires) would be prevented. The move also made sense once the investments necessary to build water provision infrastructures for large populations became so large that only the public sector was able to undertake them (especially since subsidized water access made water provision an inviable for-profit endeavor).³

The view of water as a public service essential for public health and safety became widespread in the early 20th century, and remained in place throughout most of the century. Water experts refer to the management view that dominated this period as the ‘hydraulic’ paradigm (J. A. Allan 2003). Under the assumption that water was necessary to ensure collective health, the goal of governments was to guarantee that enough water would be available for the entire population. In order to ensure that, governments at all levels invested heavily in large hydraulic engineering projects. Demand, which was rapidly increasing, was taken as given, and the task of governments was to ensure that it would be met. Water made available by regional or

3 For a detailed analysis of the transition from private to public provision of water in the late 19th and early 20th centuries, as well as a discussion of the reasons behind this process, see Masten 2010.

central governments was then delivered to urban populations by local or quasi-local public authorities. The micro-delivery of water was subject to great variation depending on local circumstances, but the need to protect health through water access led to the provision of water in a heavily subsidized manner (again, with considerable variability). This implies that, even if water was never explicitly recognized as a citizenship or human right (for instance, it was never included in the United Nations' Universal Declaration of Human Rights of 1948), it was basically treated and managed as such around the world. This was not the outcome of a preconceived plan or the object of an agreement, but the result of the organic evolution of water provision within the Western world in a context of rapid urbanization and expansion of citizenship rights (see Marshall 1965).

The implications of the hydraulic paradigm are manifold. First of all, it meant that access to water came to be taken for granted by the population, who also expected water to be affordable. Second, it effectively linked water provision to the action of governments in most of the world. Finally, it made water provision to be seen as a *technical* issue under the purview of engineers and not the object of political battles. Certainly, there were many conflicts over water throughout the 20th century, both within and between countries. Yet these were driven by scarcity and involved competition for access to water as a resource.⁴ They did not affect the approach to water management embodied in the hydraulic paradigm, and they certainly did not generate popular debates over which institutions and actors should be in charge of water provision.⁵

How did international attention to and collaboration over water issues emerge? The

4 See chapter 1, section 1.1 for a discussion of the distinction between *water as a resource* and *water services*.

5 For engaging accounts of water conflicts in the West of the United states, see Reisner 1993; Worster 1985.

answer to this question is complicated by the wide diversity of water-related issues. If we focus on conflicts over access to water in shared watercourses we find that there have been ‘international’ agreements since A.D. 805, and that there are more than 3,600 treaties documented since then (Hamner and Wolf 1998). If we focus on water as a source of health concerns, then the first instances of international collaboration took place in the mid-19th century. In 1851, the first International Sanitary Conference was held in Paris with the goal of devising quarantine regulations for communicable diseases (Grover and Howarth 1991).⁶ Several conferences and conventions were organized in the following decades, and the first international organizations dealing with health issues were founded in the early 20th century (such as the Office of International Public Hygiene, based in Paris and created in 1907) (World Health Organization 1990).⁷ However, all these health-related initiatives were not directly focused on water. The signed International Sanitary Conventions mention water numerous times, but it is mainly to establish, for instance, that there should be adequate access to water in ports, or that water provision should be guaranteed in ships and for travelers (who are referred to as ‘pilgrims’). There is nothing in the Conventions that refers to how water should be allocated or provided.

Another development towards increased international collaboration in the water domain took place within professional societies. In congruence with the focus on engineering of the

6 No agreement was reached in 1851. The first International Sanitary Convention was agreed in 1892 and modified and extended in a series of International Sanitary Conferences that took place with no regular periodicity until the founding of the World Health Organization (WHO) in 1948 and the substitution of the Convention by a new set of International Sanitary Regulations in 1951. These were renamed as International Health Regulations in 1969 (Grover and Howarth 1991).

7 For a fascinating account of how the birth and spread of sanitary movements developed in different countries and regions see Acheson 1990. For a detailed analysis of how these processes took place in the United States, see Ogle 1999.

hydraulic paradigm, the first international professional associations concerned with water provision were those of water scientists, hydrologists and hydraulic engineers. These societies were born as offshoots of broader scientific societies in the decades between the two World Wars, and their goal was to “construct common intellectual spaces, share expertise, and stimulate and promote basic and applied research” (Varady and Iles-Shih 2009:56). These scientific and collegial roles were supplemented with the “pursuit of certain social and political objectives” after World War II, although these focused mostly on “increasing dialogue and communication among colleagues” in a world divided in political blocs (Varady and Iles-Shih 2009:58). This increased collaboration, alongside the formation of scientific organizations at the global level within the United Nations system, led to the establishment of the International Hydrological Decade in 1965, which was planned and implemented by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Meteorological Organization (WMO). The goals of the Decade were mostly scientific, and it was successful in advancing the state of hydrological knowledge. Yet it also “drew considerable attention to water issues”, which contributes to explain the developments that were to take place in the 1970s (Varady and Iles-Shih 2009:59).

2.1.2. The 1970s: new focus on water and the leadership of the United Nations

After World War II the international community, led by the new United Nations and Bretton Woods organizations, took special attention to issues of international development, leading to what has been called the ‘development project’ (McMichael 2004). Originally, the goal of the project was to achieve economic growth through investment. When the policies based on this view failed to reach the desired outcomes, a new approach focused on ‘basic needs’ took center

stage. The rationale behind this approach was that if economic growth was not able to provide for the basic needs of a population, these should be the direct focus of the development efforts of international and national organizations. Moreover, it was believed that investing in people would itself be a driver of development. Hence, education and health became central development priorities, but a growing interest in water access also emerged in the 1960s (Streeten 1979).⁸ It was then that international financial institutions (IFI) such as the World Bank or the Inter-American Development Bank (IADB) started to fund projects in the water sector. The strategy adopted for these projects was based on straightforward transfers of technology from developed to developing countries. Assessments of these activities in the late 1960s and early 1970s showed the poor results of the approach, and thus development organizations started a collaborative process of reflection to figure out why the strategy was not working and what changes were necessary (Grover and Howarth 1991:146-7).⁹

At the same time, another source of international interest in water issues was arising from growing concerns about the environment. Specifically, water pollution and its effect on human beings became a serious worry of the international sector. In response to these concerns, in 1971 the United Nations created a Committee on Natural Resources, and in 1972 it organized a global conference devoted to the environment. The United Nations Conference on the Human Environment – the first of a long series of international conferences on a variety of issues that the United Nations has been organizing ever since – was held in Stockholm (Sweden), and it culminated in the foundation of the United Nations Environment Programme (UNEP). Water was

⁸ The World Health Organization, which was created in 1948, had been promoting water provision through technical assistance and training as a way to improve health in developing countries since its foundation (Grover and Howarth 1991:146).

⁹ For a detailed account of how this process took place and which organizations participated, see Grover and Howarth 1991.

not a central issue in the Conference (Salman 2003:492), but it was present in several of the Conference's documents. For instance, the final declaration for the event lists water as one of the natural resources to track and protect, and several of its recommendations for action refer to water problems. Recommendation 10, for example, reads: "It is recommended that development assistance agencies should give higher priority, where justified in the light of the social benefits, to supporting Governments in financing and setting up services for water supply" (United Nations Conference on the Human Environment 1972). However, no concrete measures regarding water provision were adopted in Stockholm.

The confluence of development and environmental concerns resulted in the United Nations Water Conference, the first international event centered on water which took place in the resort of Mar del Plata, Argentina, in March of 1977. The goal of the conference, consistent with the hydraulic paradigm, was "to deal with the problem of ensuring that the world had an adequate supply of water, of good quality, to meet the needs of a global population which is not only growing but also seeking improved economic and social conditions for all" (Biswas 1988:149) The conference counted with over 1,500 attendees and the official representation of 116 countries, and it touched on a number of issues related to the water sector having to do both with water as a resource and water services.

The conference report provides a real sense of urgency, of the need to do something about the many problems surrounding water, but at no point does it argue for a change in the way water is viewed and delivered. The main recommendations call for the promotion of heightened awareness of water problems, the prioritization of water access by governments, an increase in funding for water provision, enhanced education on water issues, and better coordination among

all actors (United Nations 1977). The only statements that suggest a new way of dealing with water are formulated in a fairly vague way. Recommendation 5(e), for instance, calls for the use of ‘appropriate institutions’ for the realities of developing countries, but it does not specify what form these should take.¹⁰ The report also explicitly advocates for increased international support for water provision in developing countries. Specifically, it argues that international and bilateral financial institutions “should be prepared to shoulder a higher proportion of local costs when financing community water supply and sanitation, increase their total allocations especially to rural water supply and sanitation, and complement local efforts in the rehabilitation and maintenance of systems” (United Nations 1977).

One of the outcomes of these conferences and their related processes in the 1970s was an increase in the visibility of water issues within the international community, which put extra pressure on national governments and international organizations to undertake further actions on water problems.

These actions, however, were not particularly different from those that had been pursued in the past. There were new proposals such as the need to focus on cost-effective projects, to enhance local participation and appropriateness to local circumstances, to improve technical capacity, and to increase funding. Yet these did not change in any fundamental way the traditional approach to water provision. There was no call for the participation of the private sector or to change the approach to water management as it would happen a decade later. The focus seemed to be on doing better and reaching more people through what was already being done by devoting more resources, targeting them more accurately, being more attentive to local

¹⁰ The focus on ‘appropriate technologies’ was promoted by the World Bank as one of the strategies through which the failures of the 1960s could be avoided in the future (Grover and Howarth 1991:147).

circumstances, and increasing international cooperation and aid.

Even if the developments of the 1970s did not fundamentally alter water management, they involved a significant change in how water policies were made and diffused around the world. Whereas at the beginning of the 1970s each country was left to take care of its own water problems and, at the most, they received technical assistance from aid agencies, by the decade's end there were international organizations and events promoting attention to water issues and pushing governments to take action in the water sector. Some of the calls for action stemming from the 1977 Water Conference, for instance, involved the establishment of national entities in charge of coordinating water issues in each country, as well as setting up information systems to properly assess the state of the water sector. It is important to note, however, that these were the outcomes of a one-time event. The international water sector was not formally organized and coordinated, and thus it was not able to act in a concerted way in pursuit of common goals.

The lack of coordination in the water sector at the international level was not unnoticed by water experts and practitioners. In preparation for the Mar del Plata Conference, two water experts were asked by the conference's secretariat to write a report with suggestions about how the water domain could be organized at the supranational level. The outcome of this process, called the Biswas-Hansen formula after the name of its authors, was never implemented. The formula focused mainly on how to articulate and centralize water actions in the United Nations. However, and in contrast to what had happened with the environment and the creation of the UNEP, there was just too much dispersion in the United Nations system in regards to water. There were at the time 24 United Nations agencies dealing with different water issues and, according to Biswas himself, these agencies value their independence and do not have a real

interest in coordinating with each other (Shastri 2006). As a second-best solution, a coordinating body called the Inter-Secretarial Group on Water Resources (ISGWR) was created, although, as we will see below, it was widely recognized during the 1980s that this approach had serious limitations given the needs of the water domain (Mageed and White 1995).

The situation in the water sector at the end of the 1970s looked very different from a decade earlier. The international community had identified water as a key priority for development, and it was taking measures to contribute to the expansion of water access around the world. However, it did not manage to articulate itself in a formal and coherent way. In order to keep the momentum, one of the solutions adopted in Mar del Plata was to declare the 1980s the International Drinking Water Supply and Sanitation Decade, a strategy that I explore below.

2.1.3. Neoliberalism and the birth of a new approach in the 1980s

The UN Water Conference highlighted the serious water issues that the world was facing, as well as the challenges ahead. In declaring the need to ensure water access, it actually put the problem of water availability on the table for the international community and national governments, and thus it raised the level of expectations. The call for better collection of statistics and for information sharing in the conference's Action Plan is a clear sign of this. Better data on water at the global level, in turn, also made evident the enormity of the task and the long way ahead to fulfill it. According to Biswas (1988), the attendees at the conference were concerned about the 'implementation gap' between what was agreed and what would actually get done. Consequently, one of the recommendations of the conference was to establish the International Drinking Water Supply and Sanitation Decade (hereafter the Decade) in order to mobilize resources for the specific field of water supply and sanitation. The Decade was launched by the United Nations for

the years 1981-1990. It established a baseline at the beginning of the period and asked for periodic reviews of progress in an attempt to push governments and international organizations to take the necessary actions to achieve the goals agreed at Mar del Plata.

What was the progress made during the Decade? A number of studies published throughout the 1980s attempted to take stock of what had happened in the water domain since Mar del Plata.¹¹ The general message of these publications is that much progress had been made, but that much more work was needed. This partial failure triggered a search for the causes of the continuing problems as well as new solutions. The title of a piece written by Postel in 1984 is revealing of what the general view in the water sector was on these issues: “Water: Rethinking Management in an Age of Scarcity” (Postel 1984). This title captures, first of all, the focus on the concept of ‘scarcity,’ which became prevalent in the 1980s thanks to the increasing prominence of environmental concerns. The sudden realization that large segments of the population did not have access to water was coupled with the environmental recognition that many water sources were being polluted, and that economic and population growth would increase the need for water in the immediate future (Black 1998). This, in turn, triggered a search for an economic approach to the environment that would value resources properly. Secondly, Postel’s title also indicates what generally came to be seen as the solution to persisting water problems: the need for a new type of water management. Let’s explore these two elements in turn.

2.1.3.1. Scarcity and the economic approach to the environment

The focus on environmental issues in the 1980s was coupled with the increased recognition of

¹¹ For general assessments of the Decade, see Biswas 1988; Temporary Working Group on Financial Resources Generation 1990; World Meteorological Organization and UNESCO 1991.

the scarcity of the Earth's natural resources.¹² As a way of dealing with this realization, the concept of 'sustainable development' was coined to indicate the need to pursue development without depleting the planet's resources for future generations. This concept was popularized by the so-called Brundtland Report, officially titled *Our Common Future* and elaborated by the World Commission on Environment and Development in 1983. The Report proposed to pursue sustainable development through the introduction of economic analysis to the management of the environment. One of the seven 'critical objectives' that the Report pushes for is, precisely, "merging environment and economics in decision making" (World Commission on Environment and Development 1987:49). The logic behind this proposal is described thus:

Air and water have traditionally been regarded as 'free' goods, but the enormous costs to society of past and present pollution show that they are not free. The environmental costs of economic activity are not encountered until the assimilative capacity of the environment has been exceeded. Beyond that point, they cannot be avoided. They will be paid. The policy question is how and by whom they will be paid, not whether. (World Commission on Environment and Development 1987:220)

The view of the Commission is thus that the problem of pollution results from the inadequate pricing of natural resources, including water. If the price of water is to increase, however, the question of who should pay for the extra cost of clean water provision becomes central. The report addresses this issue later on:

Governments, especially those strapped for resources, may claim that piped water supplies and sewage disposal systems are too expensive. As a consequence, poor people may have to pay water vendors far more per litre of water than middle- or upper-income groups pay public agencies to pipe water into their homes. Western water-borne sewage systems and treatment plants may be prohibitively expensive. But other techniques and systems cost between one-tenth and one-twentieth as much per household, and most of these use much less water. Moreover, lower-cost

¹² See the contributions in Mehta 2010 for an in-depth exploration of scarcity as both a natural and a socially constructed phenomenon.

technology can be upgraded over time, as money becomes available. (World Commission on Environment and Development 1987:253)

As we can see, the report argues that poor people already pay for water, often large amounts to water vendors, thus there is no reason why they should not pay for cheaper publicly provided services. A key element in making these services affordable is using ‘appropriate technologies,’ which effectively means the provision of lower levels of service to people who cannot pay for high quality systems.¹³ This is not perceived as a serious problem because it involves an improvement from the current situation and because services can be upgraded once people can afford to spend more money on them.

To situate the Brundtland report in the context of subsequent policy discussions, which I will review below, it is worth noting at this point that the Report never mentions the need to privatize water provision or to use the private sector for water management. In fact, when discussing the financial needs of the water sector as determined at the beginning of the Decade, the report points out that the \$30 billion a year necessary during the 1980s are “the approximate equivalent of 10 days of military spending” (World Commission on Environment and Development 1987:303), hence implicitly arguing that governments should reallocate funds from unproductive uses such as weaponry to water provision.

2.1.3.2. A new type of water management

The slow progress made during the 1980s and the increased awareness of the scarcity of water led many actors in the sector to join Postel’s call to rethink water management. Anderson (1982),

¹³ In water provision, this means moving away from the expectation that poor people will have piped water delivered into their homes, and working instead to ensure that they have access to other sources of safe water such as yard or communal taps. In sanitation, it means that instead of flush toilets that require large amounts of water, poor people should get lower quality alternatives such as ventilated improved pit latrines (VIP).

for instance, wrote about an impending ‘water crisis,’ and Churchill (1987) argued that it was ‘time for a change.’ Why was the focus specifically on ‘management’? As described above, in Mar del Plata there had been a call for increased funding for the water sector. These resources were mainly devoted to building infrastructure for water provision in developing countries. Yet one of the key conclusions that the water sector reached in the 1980s was that this focus on investment did not take into account how the new infrastructures were going to be operated and maintained. The result was “landscapes dotted with broken pipes and defunct hand pumps” (Mehta and Miroso 2004:3). The developing world found itself full of new water systems (such as community hand pumps) that nobody knew how to operate, maintain, or repair, which meant that they would soon stop working and remain inoperative. This implied a waste of valuable scarce resources, and therefore the focus shifted from infrastructure to management in order to ensure that the new investments would be properly administered.

What form should this new type of management adopt? Alongside the aforementioned adoption of an economic approach to the environment, the 1980s experienced a strong political and ideological shift towards policies based on the action of free markets, the withdrawal of the state and an increased role for the for-profit private sector. These so-called neoliberal views, spearheaded by the Thatcher government in the United Kingdom and the Reagan administration in the United States, permeated policy changes in a large number of areas, and they started to percolate into the water sector early on in the decade. For instance, Anderson, writing in 1982 for the journal of the conservative Cato Foundation, pushed forward the ‘market alternative’ and argued that “[t]he emphasis on market success rather than market failure is part of a paradigmatic shift in natural resource economics” (Anderson 1982:761). And Postel claimed in 1984 that

“[m]arket forces would foster conservation and a reallocation of water supplies to their highest valued uses” (Postel 1984). The issue of the proper valuation of water and of water allocation to different uses through markets was not particularly new. It had been discussed and proposed by economists since before the 1980s. However, in the past it had been mostly limited to the allocation of bulk water (water as a resource) among different uses and users, with the goal of steering the resource to its most productive uses. This push responded to the increasing realization that enormous quantities of highly subsidized water were devoted to inefficient irrigated agriculture operations that would not be able to survive otherwise. This view had not been very successful in changing the pricing of water for irrigation, which is precisely the issue to which Postel’s call quoted above was addressed. Yet the most remarkable change took place in the 1980s when these ideas began to be applied to the provision of water for the general public (i.e. water services). This led to increased attention to the issue of *cost recovery*, which refers to the proportion of the costs of investment in infrastructure and of operation and maintenance that is recovered by the authorities in charge of water provision. The difference with the previous application of this principle, however, was that in the case of irrigation the increase in the cost of water was to be shouldered by relatively well-off farmers, whereas in water services the recipients were to be city households who, in many cases in developing countries, have very limited economic resources. Yet in a context that emphasized the sustainability of operations and criticized the previous disregard of management issues, many actors saw cost recovery of water services operations as the responsible way of delivering water.

In evaluating the progress of the water Decade in 1988, Biswas (1988:151) wrote:

With respect to cost recovery from water projects, the general experience appears to be that only a fraction of the total capital and recurrent costs are being

recovered in developing countries. In many instances, cost recovery does not even account for the total operation and maintenance (O&M) expenditures, which often means that the systems are not being efficiently maintained due to lack of resources.

This is a very significant statement because it directly links the management problems of the water sector to insufficient cost recovery. The solution to this problem, in accordance with the general ideas of the time, came in the form of increased water tariffs for users, which in effect involved a decrease in state subsidies for water consumption.¹⁴ This view was sometimes expressed in rather benign terms. I have shown above how the Brundlandt Report argued that the poorest people already pay large amounts of money for water to water vendors, and thus would not be affected by higher levels of cost recovery if those came hand in hand with the extension of piped water provision to them. And other authors argue that increased tariffs can and should be applied without negatively affecting people's basic access to water:

External funding for covering recurrent costs is unlikely to become available. Most international and bilateral donors now state that as a minimum, the costs of operation and maintenance should be met in-country for the sector as a whole. It is however agreed that the actual means of financing and cost-recovery should not negatively affect the health objectives of sector developments. (van Wijk-Sijbesma 1987:3)

Cost recovery is thus often presented not as the outcome of an ideological decision, but of a merely pragmatic one. At a time of financial struggle on the one hand (due in large part to the debt crisis of the 1980s, see fn.14), and of pressure to deliver on water access on the other, governments found themselves with no other option but to increase water tariffs (Cairncross 1989:303).

14 This was not only the result of the emergence of new policymaking principles. The 1980s saw the explosion of the debt crisis in developing countries, which effectively constrained the amount of resources at their disposal. The need for funds was what allowed international financial institutions to impose new market-oriented policies, as these were often required in exchange for financial support in the form of loan conditionalities. I will explore how this dynamic played out in the cases of South Africa and Bolivia in the next two chapters.

How did this redefinition of water management emerge and spread? Did any actors play a particularly influential role in this process? Goldman (2005) argues that the most important institution in this respect was the World Bank. The Bank had become active in the water sector in the 1970s. Under the leadership of John Kalbermatten and his small group of collaborators, the World Bank started to pay attention to the issue of low-cost, appropriate technologies for rural areas of developing countries. Given the hesitancy of the World Bank to push for this policy fully, Kalbermatten managed to convince the United Nations Development Programme (UNDP) to establish a joint program with the World Bank, the Water and Sanitation Program (WSP), to deal with these issues. The World Bank proper, however, did not fully embrace work in the water sector until the 1980s, at the same time that under the direction of A. W. Clausen (who substituted Robert McNamara as President in 1981) it began transforming itself into a 'knowledge broker' (Black 1998; Gibbon 1992). In 1982, Clausen appointed as chief economist Anne Krueger, a move that signaled the institution's embrace of neoliberal ideas (Goldman 2005). It was in that context that the Bank released a string of studies and papers dealing with the issue of cost recovery in the water sector. Writing in 1988, John Briscoe, who has been one of the leading water experts in the World Bank for nearly three decades, pointed out with a co-author that "[d]uring the past several years, the World Bank has examined the sources of past disappointments and has sought to develop a new view of what the guiding principles should be" (Briscoe and de Ferranti 1988:1).

The new view was based on the idea that local people have the most important role in water provision, that willingness to pay by communities should determine what type of water delivery system they get, and that the community's own resources, both financial and non-

financial, should be mobilized for water provision. The involvement of communities was pushed as the best way to ensure that water systems would be well-maintained and sustainable, but the implication was that there should be more cost recovery from the population with the final objective of achieving full cost recovery, i.e. the full cost of water provision would be paid by users through water tariffs: “A goal of every improvement effort should be to bring closer the day when the community can cover all of the costs of its water service from its own resources. Many communities could and should contribute more now to meeting their costs than they have been expected to in the past” (Briscoe and de Ferranti 1988:2). This implies not only that people will have to pay for the full cost of water services, but that their financial capacity will determine the level of quality of service that they will receive (just as the Brundtland Report had proposed a few years before). Moreover, the authors argued that governments should move away from being providers and financiers of services to become facilitators. With this came a call for the participation of the private sector: “[governments] should also work to reduce barriers to the development of private sector suppliers of equipment, drilling and maintenance services” (Briscoe and de Ferranti 1988:2).

For the World Bank, then, the issue of cost recovery in water services was associated with private sector participation from an early stage. The United Kingdom, under the Thatcher government, privatized water provision in 1989 (Bakker 2003a, 2005; Richardson, Maloney, and Rüdig 1992), and based on this experience and on the example of France – the only country with mainly private provision of water at the time – the World Bank produced several studies to explore and promote private sector participation (see, for instance, Coyaud 1988).

This focus on private sector provision, however, was not shared by all actors, even by

those who championed the idea of full cost recovery. Cairncross (1989), for instance, objected to the linking of both strategies, making the point that “cost recovery is often conflated with privatization” (p.303). For Cairncross, a leading world expert in rural water supply and sanitation, there were dangers to the use of the private sector, such as the power imbalance between large corporations and weak governments with few alternative options for water provision. His skepticism transpires from the title of a piece he wrote in 1987 dealing with these issues: “The Private Sector and Water Supply in Developing Countries: Partnership or Profiteering?” (Cairncross 1987). In the article, however, Cairncross clarified that he was not necessarily against cost recovery, which he saw as possibly useful in urban environments where people without access to piped water were already paying large amounts of money to water vendors (again, as the Brundlandt Report had argued before).

In line with this concern, considerable research was undertaken in the late 1980s around the concepts of ‘ability to pay’ and ‘willingness to pay,’ which led the World Bank to conclude that most people in developing countries had both the ability and the willingness to pay for water services. The obvious implication was that raising water tariffs would not be particularly problematic for water access (see Briscoe and de Ferranti 1988; Whittington et al. 1990; Whittington, Lauria, and Mu 1989; Gertler and van der Gaag 1988).

The intellectual environment was therefore changing, and the World Bank was playing an active role in shaping it. Cairncross believes that the Bank’s approach showed its ideological biases, which were already evident to him in the 1980s. In criticizing a Bank article that pushes for private sector participation in water provision in Africa, Cairncross (1987) argued that the paper’s “bibliography shows that practically all the developing country information cited is taken

from unpublished documents prepared for USAID, the World Bank and kindred agencies” (p. 180). Cairncross’s critique is thus not only of the idea of private participation itself, but of the obscure and secretive way in which this agenda was pursued. Thus, he went on to congratulate the authors of the article “for bringing the arguments into the open, thus allowing some healthy fresh air into a debate which has been largely confined to the corridors of the aid agencies and their consultants” (Cairncross 1987:180).

Three main lessons can be extracted from this discussion. First, the combination of neoliberalism and the economic approach to the environment, in a context of failed water management policies, led to clear changes in the water sector towards supporting the proper valuation and allocation of water. These were generalized changes that can be found in the views espoused by the World Bank and aid agencies of developed countries, but also among a wide range of water experts and actors, as I showed above in the statements by Postel, Anderson, van Wijk-Sijbesma or the Brundtland Report. Second, within this general orientation towards a more economic view of water, a range of specific policies were proposed, and these varied for different actors in the water sector. There were, then, two different levels at which the debate over water management was taking place: 1) a higher level dealing with general principles, in which there was a broad agreement that water should be managed as an economic good, and 2) a lower level focused on specific policies in which there was a diversity of views. Whereas the World Bank and Northern aid agencies were pushing for full cost recovery, differentiation of quality of service according to ability to pay, and private sector participation, some water experts (such as Cairncross and Postel) did not go so far and proposed only the proper valuation of water and its allocation (as a bulk resource) based on the relative efficiency of different water uses.

Finally, the policy and ideological changes of the 1980s occurred without any system of global governance of water in which these issues could be debated and conclusions reached. Not only was there no global water organization either within or outside the United Nations system, but there were no global water conferences of any type in the 1980s either.¹⁵

As the statements from Cairncross discussed above show, international financial institutions and aid agencies had different approaches and ideas from water experts and other actors in regards to the specific policies to be applied. Goldman (2005) is right that powerful institutions like the World Bank were particularly influential in pushing their ideas on other actors, but there was no explicit adoption of these ideas by the international community or even a forum where they could be discussed, and thus they did not form part of a system of global governance. However, the economic approach to water, which was triggered by increasing concerns over water scarcity, the failures of past forms of water management, and the general ideological orientation of the 1980s, was adopted across the board. It is precisely this broad adoption that constitutes the ‘condensation’ of ideas among independent actors which, as I suggested in chapter 2, underpins the global water regime that was to emerge in the 1990s.

Before I continue with my historical exploration of the water sector, let me expand a bit on the issue of its institutional evolution in the 1980s. The need for some form of articulation of the global water sector, which had already been identified before the Mar del Plata conference, was still present in the 1980s. There were several programs and initiatives through which different actors tried to coordinate with each other. However, it was clear to those involved in the sector that these initiatives were insufficient. This is evident, for instance, in Mageed and White’s

¹⁵ This led Biswas to assert that “water as a whole basically disappeared from the international political agenda during most of the 1980s and 1990s” (2009:4).

(1995) assessment of the ISGWR – the organ that the United Nations created in the late 1970s to coordinate its various agencies working on water issues:

While the ISGWR in its present form has several achievements to its credit, the growing importance of water, particularly in environmental matters, demands that its role receive more attention. There is a need to strengthen the group to make it more effective in its coordinating role, and to make its essential focus collaboration in UN water activities. There are other needs, including the establishment of efficient links through ISGWR with other international bodies, both governmental and non-governmental, to provide a higher profile for water in the UN system. (Mageed and White 1995:105)

In response to this need, in 1988 the United Nations created the Water Supply and Sanitation Collaborative Council (WSSCC).¹⁶ The WSSCC is a membership organization – which has as members both governmental and non-governmental organizations – whose goal is to provide a forum for world water and sanitation experts to set priorities and coordinate activities.¹⁷ Grover and Howarth, writing in 1991, argue that the WSSCC was relatively inefficient, and even if changes adopted in its first few years of life had improved its prospects, it was not clear at the time that it could become the kind of coordinating organization that the sector needed (Grover and Howarth 1991). Despite its weaknesses, and as we will see, the form of the WSSCC as a membership organization was to become a template for the sector in subsequent developments.

2.1.4. The changes of the 1980s become solidified

As the 1980s and the International Drinking Water Supply and Sanitation Decade came to an end, the United Nations, under the leadership of the UNDP, attempted to take stock of the lessons

¹⁶ The WSSCC was devised in 1988, but it was only formally established in 1990 through a declaration of the United Nations General Assembly.

¹⁷ The WSSCC is an incorporated membership organization without standalone legal status, and thus it institutionally resides within another organization. Until 2009, its institutional host was the World Health Organization, but following changes in the approach and goals of the WSSCC this role was taken over by the United Nations Office for Project Services (UNOPS) in 2010 (WSSCC n.d.).

of the Decade and set the principles that were to guide future action in the water sector. This was done through a conference (the first one since the one held in Mar del Plata in 1977) organized in collaboration with the Indian government which took place in 1990 in New Delhi and was labeled the ‘Global Consultation on Safe Water and Sanitation for the 1990s’ (Grover and Howarth 1991). The conference ended up being much smaller than Mar del Plata. Whereas in Argentina in 1977 there had been more than 1,500 participants representing 116 governments (Biswas 1988), Delhi hosted 660 people from 102 countries (Beyer 1991:118). The conference culminated with the release of a declaration, known as the New Delhi Statement. The Statement claimed that the Decade had been a success but that given the ongoing problems in the water sector much more had to be done. The way forward was to be guided by a two-pronged approach. First, it would be necessary to reduce the costs of water provision through efficiency and low-cost appropriate technologies. Second, there was a need for the “mobilization of additional funds from existing and new sources, including governments, donors and consumers” (United Nations 1990:3). This approach did not bring anything new to the table, as these elements were already part of the goals of the Decade identified in Mar del Plata. However, the Statement also included four principles for water management that captured the changes of the 1980s described above: the need for a new type of management, the emphasis on financial issues, and the focus on communities as central actors in water provision (United Nations 1990:3). These principles, however, were not formulated in a particularly memorable way, which as we will see below is one reason why they are mostly ignored in current water debates. Yet the Statement is not limited to these principles, as the document goes on to elaborate them and suggest specific policies:

A changing role for government is envisaged, from that of a provider to that of promoter and facilitator. This will enable local public, private and community institutions to deliver better services. Decentralization demands a strong policy and support role from central governments, while local private enterprise can assist in improving the efficiency and expansion of service delivery. (Beyer 1991:121)

The Statement does not contain an explicit call for private sector participation, but the changed role of the state is evident in the previous quote, which opens the door for private actors to be involved in water delivery. The document also argues that there is a need for people to pay for the water they consume:

Restructuring the utilization of funds for sector investments and setting of user charges are key issues in sector finance ... Higher budget allocations and recovery of recurrent costs of operation and maintenance to ensure system sustainability are primary goals to be achieved. Effective cost recovery requires that sector institutions be given autonomy and authority. Further, there must be widespread promotion of the fact that safe water is not a free good. Appropriate charging mechanisms must be adopted, which reflect local socio-cultural and economic conditions. Collection should be decentralized so that revenues are available for management and operation of services. (Beyer 1991:122)

We see, then, that some of the specific policies promoted by the World Bank and Northern aid agencies were also present in the text of the Delhi Declaration. This seems to suggest that, despite their rejection by some actors seen above, the international community was beginning to adopt these policy ideas. However, in an in-depth analysis of the process leading to the Delhi Consultation, Bell (1992) argues that the World Bank had a particularly important role in shaping the final document, and that as a result the declaration does not reflect the divergence of views that were present at the conference:

Over a period of three days, through small group discussion policed by the World Bank, a debating document was to be produced laying out priorities and goals. This would then be discussed at a plenary session; conflict would gradually be muted and agreement reached. The 'New Delhi Statement' represents the

outcome; a six-page document, sufficiently broad, bland and general to disguise controversy and dissention. (Bell 1992:85)

Despite its weaknesses, the Delhi Consultation is significant for two reasons. First, it was the first time since the 1970s in which the international water sector came together and agreed on certain principles of water management. Second, the Delhi Consultation offers a glimpse of one of the main dynamics that would underpin the global water regime a few years later: powerful institutions using public forums to push specific policies and present them as the outcome of an open and participatory process.

Notwithstanding its analytical importance, the Delhi Consultation does not seem to have had a major impact in the water domain, to the point that it is often not even cited in accounts of the main milestones of the water sector (see, for instance, Biswas 2009). I believe that, in part, the relative failure of the Delhi principles is due to the fact that their formulation was not particularly attractive or memorable. We will see that this is precisely the opposite of what happened with the conference that took place the following year in Dublin.

2.1.5. Dublin and Rio: the explicit recognition of water as an economic good

As a result of the growing interest in environmental issues manifested in the Brundtland Report, the international community, led by the United Nations system, pushed for the organization of an international conference on the environment – the so called Earth Summit – to be held in Rio de Janeiro (Brazil) in the summer of 1992. In preparation for that conference, different subcommissions were established to formulate management principles for different environmental issues. In the case of the water sector, the preparatory work took place in a conference held in Dublin in January of 1992, just a few months before the Earth Summit.

The Dublin conference, officially called the International Conference on Water and the Environment (ICWE), is a fascinating topic of study. Contrary to other conferences organized by the United Nations, it was convened in a rush, without much previous preparation, by the World Meteorological Organization. Biswas (2009:6) complains about the absence of any documentation about the ICWE, which is one reason that makes researching it challenging. However, he also makes some illuminating comments about it. He critiques the Dublin Conference for ignoring “the achievements and the impacts of Mar del Plata, or the process that was used for its organization” (Biswas 2009:7), and he goes further to say that these problems were the outcome of “a deliberate decision. This was because some of the people associated with the preparatory process of the Dublin meeting argued that they should bring ‘new blood’ and ‘new ideas’” (p.8).

Biswas continues his critique of the ICWE process by arguing that, in fact, it did not bring about any new ideas, and that it did not consider “critical issues in terms of major programme initiatives, including how much would such programmes cost, where would the funds come from, and how and by whom would such new programmes be implemented.” This was partly because, for “inexplicable reasons”, the conference “was organized as a meeting of experts and not as an intergovernmental meeting” (Biswas 2009:9). In any case, the conference took place so late that, even if it had tackled the right issues, it would not have been able to incorporate them into the agenda for the Rio conference (and, in fact, none of the points raised by the Dublin Statement made it into Agenda 21, the plan of action that emerged from the Earth Summit). Other accounts suggest that Jim Dooge, from the WMO, was key in bringing the conference to Dublin and that, as the meeting’s Chair, he was instrumental in steering the

adoption of the Dublin Principles (Askew 2010). Biswas appears personally aggravated by the way that the Dublin conference took place (he explicitly says that his opinions were ignored), and he claims that the meeting itself had no impact and that it changed nothing in the water sector. These statements are indicative of how unorganized the international water sector was still at that point: when global principles for water management had to be agreed on, there was no set system delineating the process through which this should be done, thus leading to an ad-hoc solution riddled with disagreements, confusion and exclusions.

Despite these issues, the four principles at the core of the conference's final document, the Dublin Statement, succeeded where the Delhi Consultation had failed. They became the reference point for the sector to describe the new type of water management that was to be pursued in the 1990s. The principles were the following:

1. Fresh water is a finite and vulnerable resource, essential to sustain life, development and the environment
2. Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels
3. Women play a central part in the provision, management and safeguarding of water
4. Water has an economic value in all its competing uses and should be recognized as an economic good (World Meteorological Organization 1992:4)

Biswas is right to argue that there is nothing particularly new about the principles put forth in the Statement. All of its elements had been brought up and emphasized by different actors in the

water sector during the previous decade. And Biswas is also accurate when he claims that the statement did not offer any specific advice on how these principles should be pursued. But for the first time they were presented in a condensed, explicit way, and using a simple and attractive formulation that came to define the new approach: the view of *water as an economic good*.

According to Gordon McGranahan, a researcher with the International Institute for Environment and Development, the developmental and the environmental currents of thinking about water met in Dublin (Gordon McGranahan interview). As I showed above, most actors coming from both traditions favored the principle of an economic view of water which called for its proper valuation and allocation to its most efficient uses. Yet for many of the environmentalists who attended the Dublin Conference, this principle referred to water as a resource and had nothing to do with the need for full cost recovery from citizens or with the participation of the private sector in water services. However, and as we will see below, water as an economic good soon came to be identified with these policies. It is worth quoting the whole fourth principle at length:

Within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price. Past failure to recognize the economic value of water has led to wasteful and environmentally damaging uses of the resource. Managing water as an economic good is an important way of achieving efficient and equitable use, and of encouraging conservation and protection of water resources. (World Meteorological Organization 1992:4)

It is important to note that the principle itself is situated in a context in which access to clean water and sanitation at an affordable price is recognized as a basic right. The view of water as an economic good, then, is deemed compatible with affordable access to the resource by everybody, as well as with the notion of 'rights'. Yet the statement goes even further, as it argues that it is

only through the recognition of the economic nature of water that access can be guaranteed: without the effective conservation and protection of water resources and infrastructure there will not be water available for the population, and thus access can only be guaranteed if water is valued properly and managed efficiently. In the Dublin Statement, then, water as an economic good goes hand in hand with access to water as a right.

This formulation of the new principles for water management became widely accepted. It entailed the general acceptance of a break with the past and with the increasing awareness of the scarcity of water. But, as mentioned above, the Dublin Statement is framed in such general terms that everybody – experts focused only on water as a resource, humanitarian organizations working on water access for poor people, and international organizations pushing for private sector participation – were able to adopt it. We will need to look at the translation of these principles into specific policies by the global water regime to identify divergent views and conflicts.

2.1.6. The private sector

Before I move on to describe the birth of the global water regime, it is worth devoting a few paragraphs to the state of the water private sector in the early 1990s. Throughout my exploration of the changes in the water domain so far I have mostly focused on the international and national public sectors, as well as on researchers and practitioners. Yet many of the principles that the new view of water solidified and made explicit in Dublin had important implications for the private sector. What was the role of this sector in the water domain? Was it instrumental in the emergence of the view of water as an economic good?

Because of the nature of the hydrological paradigm that characterized water delivery

throughout most of the 20th century, the private sector was not a relevant actor in water provision at the beginning of the 1990s. Given the patchy nature of water services in developing countries due to their governments' lack of resources (what Bakker 2003b labels 'archipelagos' of service), informal and small private water vendors did play a significant role in many urban centers. Yet large private corporations were in charge of providing water only in France, the United Kingdom, and in a few cities of Spain and Italy at the time (Hall 2005:21).

When participation of the private sector in water provision was championed and pushed for by the World Bank and other actors, these corporations were in an enviable position to sell their services in other parts of the world. However, there is little evidence that the corporations themselves played any major role in pushing for the new approach to water management. In the list of participants in the Dublin conference, for instance, where many NGOs and other non-governmental actors can be found, there is not one single representative from the private sector (World Meteorological Organization 1992). And that the active participation of the private sector was not necessary for the embrace of water privatization in the water domain is also evidenced by the following statement by Menahem Libhaber, a water and sanitation specialist at the World Bank: "I don't know public companies that are improving constantly. I don't even know public companies that are improving. It doesn't mean that there are no good public companies. The ones that are good are good and they will remain good. But the ones that don't perform well will not improve. They need good management under commercial principles" (Menahem Libhaber interview). For Libhaber, public operators have the problem of political intervention. As he colorfully put it, "the water utility manager is often the brother of the mayor." When that occurs the only solution to improve water delivery is to bring in external expert management. There was

then no need for the private sector to push for privatization, because the World Bank and other actors saw private management as the solution to water provision problems in dysfunctional political environments. In fact, the main business organizations that lobby for commercial interests were only established after the Dublin Conference, years after the World Bank started to promote privatization. The World Business Council for Sustainable Development (WBCSD), which has been quite active in the water sector recently, was founded to participate in the Earth Summit in the summer of 1992; and the most active lobbying organization specifically focused on the water sector, the International Federation of Private Water Operators (AquaFed), was not created until 2005.

Further evidence is provided by Chris Jennings, an official of the IADB who worked in the private sector in the late 1980s and early 1990s who claims that private water firms merely adapted to the changed environment. Jennings himself saw the shift in the sector at the time as a positive development that could increase business opportunities, and thus welcomed it, but he affirms that he did not play any role in bringing it about (Chris Jennings interview). This is not to say, of course, that the private sector did not pressure experts and politicians to obtain provision contracts. There is certainly evidence that the big French water corporations, such as Suez and Véolia, were quick to identify the change of environment and tried to take advantage of it. In chapter 3, for instance, I will discuss the case of South Africa, where already in the late 1980s and early 1990s Suez obtained concession contracts to manage the water supply systems of a few municipalities.

Moreover, once the changes in how water was seen and managed were firmly established, the few existing large water corporations took on an active campaign to claim a role in global

water delivery. We will see below that this is evident from their active involvement in the global water regime, as it is also made clear by the many public relations statements that these firms have released arguing that they can help fulfill the human right to water (Labre 2007; Suez Environnement n.d.). But it also seems clear that the pursuit of privatization in the water sector was not the direct product of private sector pressures. In order to make sense of how private operators became involved in the global governance of water in the 1990s we first need to explore the origins and form of the global water regime.

2.1.7. The new regime takes shape

By the early 1990s, a new approach to water management based on treating water as an economic good had emerged in response to the challenges and events of the previous decade. This new approach was explicitly adopted by the international community at the Dublin Conference, yet it was the outcome of a disorganized sector that had no formal mechanism to coordinate efforts and reach agreements. The absence of a system of global governance for water had been identified, as I showed above, in the 1970s, but even the most advanced effort to remedy the situation, the WSSCC, was considered deficient by many actors within the sector.

At the same time, water experts were expressing concern about the relatively low level of attention paid to water in the 1980s at the global level, as well as about how little priority it had received at the Earth Summit in Rio in 1992 (Biswas 2009). These problems were attributed, in part, to a lack of leadership in the international water sector. In response to these issues, the experts gathered in Dublin added a section on ‘Global co-ordination’ to the conference’s statement. After explicitly identifying the sector’s coordination problem, the statement makes suggestions about how it could be solved:

The first need is to strengthen existing United Nations institutions, such as the Committee on Natural Resources of ECOSOC and the Intersecretariat Group for Water Resources. However, neither mechanism provides for involvement of all interested governments together with private sector groups, so important in water management issues. In addition to strengthening United Nations bodies and to provide for a wider sector involvement, one option is the establishment of a more comprehensive world water forum or council, similar to the existing Collaborative Council on Water Supply and Sanitation, to which governments, international and regional bodies, non-governmental organizations and private sector bodies could adhere. (World Meteorological Organization 1992:42)

This statement clearly shows that the WSSCC, which focuses only on water and sanitation, was perceived as insufficient to coordinate the water sector as a whole, and suggests for the first time the creation of a global water organization that would include not only governments and international organizations, but also non-governmental organizations and the private sector.¹⁸

This issue was discussed again at the Ministerial Conference on Drinking Water Supply and Sanitation that took place in Noordwijk (The Netherlands) in early 1994 (Abu-Zeid and Lum 1997; Abu-Zeid 1997; Biswas 1995). In contrast to the Dublin Statement, however, the Noordwijk Action Programme merely encourages the WSSCC to expand its activities and establish “itself as a more comprehensive world water forum or council” (Noordwijk Conference Secretariat 1994:20).

By that time, water experts were losing patience with the United Nations. Already a year before the Noordwijk conference, renowned water specialists Brian Grover and Asit Biswas published an article in the *Water International* journal¹⁹ revealingly titled “It’s Time for a World Water Council” (Grover and Biswas 1993). In it, the authors identified the need “to advance the

18 The coordination among United Nations agencies dealing with water continued being problematic until the creation of UN-Water in 2003. UN-Water, however, is not a separate organization, but another coordinating body. It manages four different programs and has 27 United Nations organizations, as well as 17 others outside of the United Nations system, as members: <http://www.unwater.org/>

19 *Water International* is the journal of the International Water Resources Association, the largest professional association of water experts in the world.

issue of improved institutional mechanisms for addressing water related issues at the international or global level” (Grover and Biswas 1993:81), and argued that United Nations agencies had failed to make progress in this respect. Their proposed solution was for water experts to take a step forward: “it may now be time for concerned and informed water specialists to exercise some leadership on this matter” (Grover and Biswas 1993:82). Accordingly, they suggested that the largest international professional association of water experts, the International Water Resources Association (IWRA), spearhead the efforts to found this World Water Council. Grover and Biswas (1993:82), just as the Dublin statement had done before, saw this new organization as “a forum wherein various constituencies (including governments, international organizations, and nongovernmental organizations such as IWRA) could work together on topics of common interest.” Notice, however, the absence of the private sector among the ‘constituencies’ listed. Their proposal was for an institution that would undertake three main tasks:

1. Raise and maintain the global profile of freshwater issues ...
2. Provide sound advice and recommendations on diverse topics and issues essential to improved water management ...
3. Provide an ongoing global review of the situation concerning the state and development of the world’s water resources

Based on Grover and Biswas’ call, the IWRA took on the task of creating a World Water Council at its 8th World Congress, which was held in Cairo (Egypt) in November of 1994. A special

session devoted to this topic was organized, and it concluded with the decision to ask the president of the IWRA (with the help of an Interim Founding Committee) to carry out the necessary work to create the Council. After several meetings and proposals, the World Water Council (WWC, or Council) finally entered into existence in 1996 with base in Marseilles (France) (Abu-Zeid and Lum 1997). The WWC's mission is:

to promote awareness, build political commitment and trigger action on critical water issues at all levels, including the highest decision-making level, to facilitate the efficient conservation, protection, development, planning, management and use of water in all its dimensions on an environmentally sustainable basis for the benefit of all life on earth. (World Water Council n.d.)

The Council's website continues:

By providing a platform to encourage debates and exchanges of experience, the Council aims to reach a common strategic vision on water resources and water services management amongst all stakeholders in the water community. In the process, the Council also catalyses initiatives and activities, whose results converge toward its flagship product, the World Water Forum. (World Water Council n.d.)

The WWC is then not a direct implementor of programs or projects. It attempts to reach a 'common strategic vision' amongst 'all stakeholders' in the water sector, as well as raise awareness of water issues and 'trigger action'. In order to do so, the WWC, like the WSSCC, is a membership organization whose members can be:

- Professional and scientific associations, research and academic institutions;
- National World Water Council committees or coalitions of national water organizations;
- River basin organizations;
- Inter-governmental organizations and national water agencies;

- International development agencies including foundations, voluntary organizations, international development banks and bilateral external support agencies;
- United Nations specialized organizations;
- Private sector entities: consultants; manufacturers; utilities; service corporations and water companies;
- Non-government organizations working on water-related issues (Biswas 1995)

As we can see, a wide range of organizations can become members of the WWC, including for-profit water corporations. The WWC has now over 300 active members from more than 60 countries (World Water Council n.d.). These are divided in five different ‘colleges’ which correspond to different types of institutions. Each college has a minimum of four members in the WWC’s Board of Governors, its main governing body.

It is worth re-stating that, in contrast to how global governance is organized in other areas, neither states nor the United Nations system are the originators of the World Water Council. Even more significant is the fact that state institutions do not have particular prerogatives to determine the direction or actions of the Council. States are represented by specific national agencies dealing with water, and these are part of a ‘college’ that has the same number of votes on the Board of Governors as the colleges composed of corporations or nongovernmental organizations (NGO).

Since its inception, the World Water Council has had a profound and growing impact in the water sector. However, it would be a mistake to think that the Council has become the sole actor in the global governance of water. As a membership organization, the WWC is not a

monolithic entity, and it does not have enough resources to finance and run projects (Menahem Libhaber interview).²⁰ On the contrary, it needs to collaborate with other actors and outsource projects to external groups. More important, however, is the fact that the Council is not the only organization of its type.

As we have seen, the impetus behind the creation of the Council was to have an overarching organization for the water sector through which sector-wide issues and initiatives could be discussed and coordinated. However, despite its importance the WWC never achieved its sought status as *the* global water organization. One of the reasons for this failure is the almost simultaneous creation in 1996 of the Global Water Partnership (GWP, or Partnership). The Partnership, which is based in Stockholm (Sweden), is also a membership organization whose mission is “to support the sustainable development and management of water resources at all levels,”²¹ and is governed by a Steering Committee of 12 global water experts appointed for 3-year terms. The reasons for the simultaneous existence of the WWC and the GWP are rather obscure, and the answers that I obtained through interviews with a number of key figures in the global water sector differ. But it appears that the creation of two similar global water organizations obeyed to personal conflicts between key individuals in the efforts to found the Council who ended up deciding to part ways and build different organizations. In the beginning, it was unclear how each of these organizations was different from the other. With the passing of time, however, they developed a division of labor and each found its own niche. Four years after their foundation, however, the International Secretariat for Water (an organization that coordinates the actions of international NGOs involved in the water sector) still felt compelled to

20 In 2012, the staff working at the Council’s headquarters in Marseilles consists of 14 people.

21 <http://www.gwp.org/en/About-GWP/Vision-and-Mission/>

prepare a paper for its members clarifying the roles that the WWC and the GWP play in the sector (see Regallet and Jost 2000). The current understanding is that the GWP focuses on the promotion of the integrated management of water as a resource through what has come to be known as the Integrated Water Management Resources (IWRM) approach, which it does by partnering with over 2,300 regional and national water organizations from all over the world. Meanwhile, the WWC has become a coordinating body that acts at a higher geographical level.

It would be inaccurate, however, to characterize the global water sector only in terms of the WWC and the GWP. The paper mentioned above that discusses the roles of the WWC and the GWP also covers other organizations. In fact, its introduction reads: “The paper attempts to shed light on the confusion generated by the proliferation of water organizations acting globally since the 1990s” (Regallet and Jost 2000:2). We see, then, that other organizations similar to the WWC and the GWP were founded since the mid-1990s, and that this created confusion even within the water sector. Most of these organizations adopted forms similar to the Council and the Partnership (i.e. membership organizations) or are conceived as networks of actors for collaboration, and tend to focus on specific water issues. I have already discussed the WSSCC, which has remained active on water supply and sanitation. Another one of these organizations is the World Commission on Dams (WCD), which was created in 1998 at the initiative of the World Bank and the World Conservation Union (IUCN) in order to deal with the problems generated by the construction of large dams.²² The WCD also has a network of actors with which it communicates and coordinates activities, and these are, like in the WWC, grouped according to their goals and organizational form.²³ The list of similar organizations soon gets long, as the non-

22 http://www.dams.org/index.php?option=com_content&view=article&id=48&Itemid=28

23 http://www.dams.org/index.php?option=com_content&view=article&id=67&Itemid=41

comprehensive sample in Table 2.1 shows, and keeps growing longer.

Table 2.1: Sample of Most Prominent Global Water Organizations

Name of organization	Year of creation
Water Services and Sanitation Collaborative Council	1990
World Water Council	1996
Global Water Partnership	1996
World Commission on Dams	1997
World Water Organization	2000
Gender and Water Alliance	2000
Global Water Challenge	2006

Not all of these organizations or networks play the same role in the water sector or have the same degree of influence. It is fair to say that the WWC and the GWP are the most prominent for the sector as a whole. But the existence of a number of organizations and networks in the global water sector means that much of the coordination and collaboration takes place outside of what was supposed to be *the* global water organization, the World Water Council. The unplanned and emerging character of this system of coordination has traditionally precluded observers from thinking about it as a coherent form of governance. A renowned water expert, for instance, describes it as “completely dysfunctional” and “chaotic” (Piers Cross interview), and a survey found that the majority of water specialists think that there is too much “proliferation” of global water organizations as well as too much “institutional overlap” among them (Varady and Meehan 2006:21). Leaving aside the question of the efficiency of this arrangement, I argue that, despite its lack of formal structure, this complex of organizations makes up a coherent system of global governance, which I call the ‘global water regime.’

The global water regime, in its current form, emerged as the outcome of an unplanned

and uncoordinated process. It consists of independent organizations and initiatives (which I will discuss at length in the next section), and this raises the question of how can such a system work in a coherent and productive (even if not necessarily efficient) way. The answer can be found in the theoretical exploration of governance systems that I undertook in chapter 1. There, I discussed Gramsci's contention that a 'molecular', or uncoordinated, regime could emerge when the many independent actors are already 'condensated' ideologically, that is, they share the basic ideas that underpin their actions. In such an environment, the activities undertaken by these actors will have a certain degree of congruity and will reinforce each other, thus contributing to advance in the pursuit of their common goals. The process described above through which, in the 1980s, the water sector as a whole embraced the view that water should be managed as an economic good was precisely what generated the 'condensation' of ideas that makes the global water regime possible. In order to justify this statement, as well as to understand what specific policies are promoted by the regime (such as private sector participation and full cost recovery), first we need to explore its form and content in some detail.

2.2. Analyzing the Global Water Regime

2.2.1. *Form and operation of the regime*

How does the global water regime work? If it emerged out of a number of independent membership organizations, how does it manage to produce the knowledge and coordination that are necessary for the governance of the water sector at the global level?

To answer this question we need to start by paying attention to how the World Water Council and the Global Water Partnership operate. To reiterate, these are not the typical international organizations that we find in other forms of global governance (such as United

Nations agencies). They are membership organizations, and as such they generally do not independently produce and push for specific water policies. Their role is essentially to help their member organizations coordinate and agree on principles and policies. The main way in which they do this is by organizing *global water initiatives* that lead to the production and dissemination of collaborative knowledge about the water sector.²⁴ These initiatives can take different forms, but the most relevant for the purposes of this study are the production of thematic reports on specific water issues and large international meetings of stakeholders.

An example of the first type is the so-called Camdessus Report. This was a joint initiative of the Partnership and the Council, which in 2001 commissioned a panel of 20 experts presided by the former director of the International Monetary Fund, Michel Camdessus, to estimate, discuss and make recommendations on the best way to fund the current and future needs of the water sector. The elaboration of the report took place over two years in which the panel reviewed materials, consulted with experts, and solicited contributions in order to garner different opinions on the subject across the water sector. The final report was released at a large international water conference in 2003 (see Winpenny 2003 for details).

As for large international meetings, there have been many of them in the water sector in the last decade and a half, but the largest and most prominent ones are the World Water Forums, which are organized by the World Water Council every three years (there have been six of them so far since the first took place in 1997). Although the first two Forums were relatively small events, they have subsequently become gigantic gatherings of all types of organizations and

24 For Varady and his colleagues the term ‘global water initiatives’ denotes new water organizations such as the World Water Council and the Global Water Partnership as well as the events and reports which they convene. In analyzing the global water regime as a system of governance, I believe that it is more productive to conceptually distinguish the organizations at the core of that system from the events and reports that they coordinate. Thus in this work I will use the expression ‘global water initiatives,’ or simply ‘initiatives,’ to refer only to global events and reports, but not to the organizations behind them (see Cairncross 2003).

individuals involved in the water sector. The World Water Forums take place over an entire week and revolve around a number of sessions in which key issues for the water sector are discussed and new ideas disseminated.²⁵

What is the role of these initiatives in the global governance of water? The global water initiatives are precisely where governance takes place in the decentralized system that is the global water regime. It is through these initiatives that knowledge about water and its management is produced and disseminated. This is an essential point: in the 1980s there were various actors generating knowledge and advancing policies but, regardless of how influential these policies became, they were the specific product of particular actors and could hence easily be traced back to them. Yet in the age of the global water regime knowledge and policy ideas are the outcome of global initiatives and thus are seen as the product of the global water sector as a whole. This gives them an aura of legitimacy, which is reinforced by the fact that the initiatives are invariably organized as participatory processes. The reports are written after seeking input and participation from stakeholders, and everyone is invited to contribute in different ways (from agenda-setting to organizing sessions) to global meetings such as the World Water Forums.

This characterization of the global water regime and its initiatives could give the impression that it is a perfectly democratic and participatory system of governance. But the truth is that not all actors are able to exercise the same degree of influence on the character and ideas presented in the global water initiatives. Participation in the global water regime is limited by the actors' capacity to participate, and that depends directly on the resources available to organizations. There are four different ways through which organizations can influence global water governance: they can contribute knowledge and ideas to the initiatives; they can

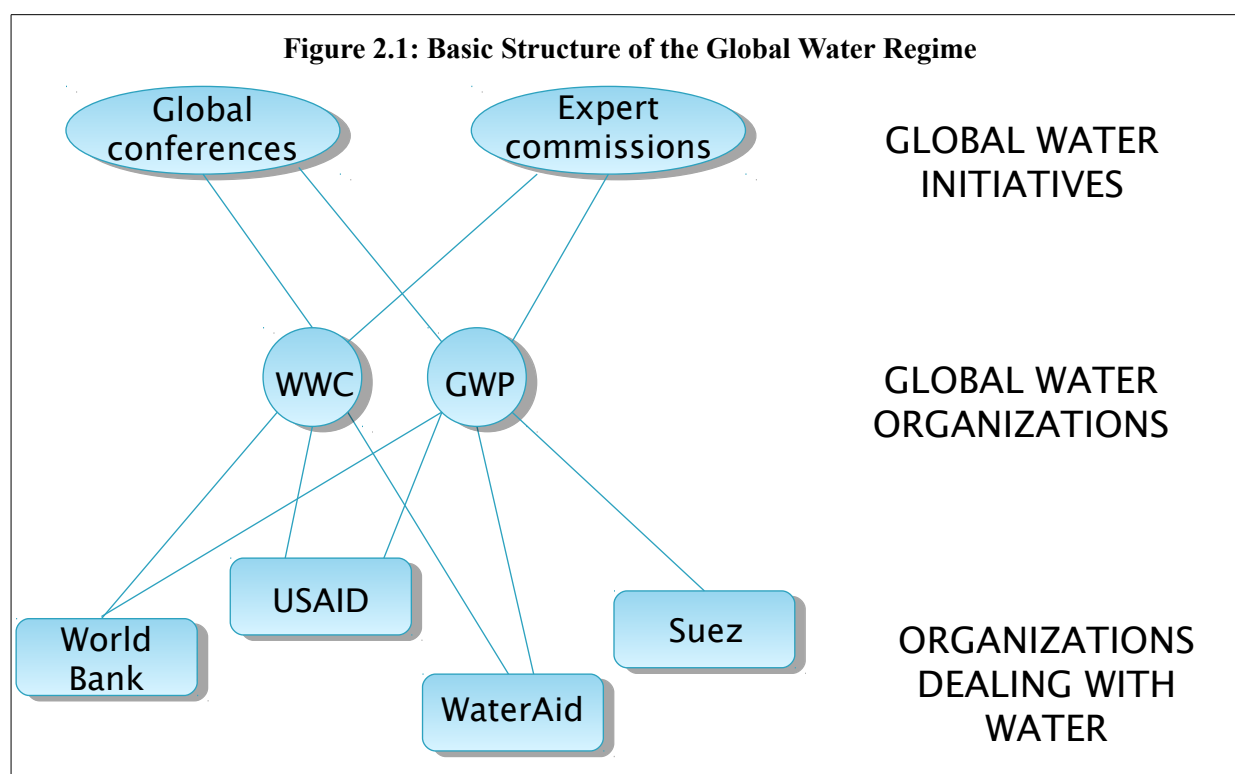
²⁵ In chapter 5 I will analyze in detail the fifth World Water Forum, which I attended in Istanbul in 2009.

communicate and diffuse the knowledge generated; they can take active part in the global initiatives (such as organizing sessions in conferences or sending contributions for reports); and they can exert direct pressure on other actors to adopt water policies and views (for instance through loan conditionalities).

All these activities require considerable organizational, human, and financial resources, and thus it is inevitable that some institutions will be more influential than others in the global water regime. The initiatives might be open and participatory, but not all actors can take part in the same degree. This observation pushes us to analyze the global water regime with a critical eye in order to identify whose views are promoted and whose (if any) are ignored. I will undertake this task in two steps. The next section will explore the participation of different actors in the new global water organizations and in water initiatives. After that, I will pay attention to the content of the global water regime (i.e., the ideas and policies that it promotes). Together, these investigations will provide a general picture of the outcomes of the global water regime as a system of governance, which will be complemented by my analysis of the 2009 Istanbul World Water Forum in chapter 5.

Before I move on to carry out these tasks, let me summarize the foregoing discussion with the help of Figure 2.1, which shows in a schematic way how the global water regime operates: individual water organizations of all types (international financial institutions like the World Bank, NGOs like WaterAid, national aid agencies like USAID, and transnational corporations like Suez, among others) become members of coordinating organizations such as the WWC and the GWP. These, in turn, organize initiatives in which individual members participate. It is through the interactions that take place in these initiatives that views and policies

are generated and disseminated, thus fulfilling the functions of the regime. The outcome is a system of rules and expectations to which actors comply, thus providing general governance to the global water sector. This system meets the three criteria that I established in chapter 1 as necessary for the existence of a regime – a set of identifiable actors, a clear operational structure, and stability across time – and thus I refer to it as the *global water regime*.



2.2.2. Participation in the global water regime

What types of organizations participate in the global water regime? I gave an initial answer to this question when I described the World Water Council and the different ‘colleges’ to which its members belong. Here I present – in Table 2.2 – a more comprehensive list based on a broader exploration of the global water sector.

Table 2.2: Types of Organizations that Participate in the Global Water Regime

Type of Organization	Characteristics and Main Organizations
Global water organizations	The most prominent of these organizations are the Global Water Partnership and the World Water Council, but the World Commission on Dams and other global and regional coordinating organizations, such as the Water and Sanitation Services Collaborative Council or the Inter-American Water Resources Network, can also be included in this group. These organizations play a central coordinating role in the global water regime, although they do not have implementation capacity and most of the work that they produce is the outcome of the global initiatives that they organize
International financial institutions (IFIs)	As key players in development cooperation and environmental issues, and as institutions with considerable financial resources, the IFIs are influential in developing countries as a source of funding for water-related projects. They also play an important role in the generation of knowledge and the training of water practitioners. The main organization in this camp is the World Bank, but this group also includes the regional development banks (such as the Inter-American Development Bank, the Asian Development Bank, the Development Bank of Southern Africa, or the European Bank for Reconstruction and Development), which are heavily involved in water issues
National water agencies	These include governmental entities of two types. The first type consists of institutions that deal with water issues at the national level, such as water ministries. These tend to have clear views and policies on the national water sector, and often participate in global forums and contribute to global debates. The second type of organizations are bilateral aid agencies which provide aid to the water sector of developing countries. Their relatively large financial resources make them very influential with developing country governments. Some of the most active bilateral agencies in the water domain are USAID (United States), SIDA (Sweden), CIDA (Canada), AFD (France), and the European Union Commission. All of these entities can be grouped in one type of organization because they usually promote the views of their country's government on water issues
Professional associations	Water specialists usually join professional organizations such as the International Water Resources Association (IWRA), the International Water Association (IWA), or the International Water History Association (IWhA). These organizations are forums for water experts and practitioners and do not have specific platforms or projects to implement. Yet they provide arenas for communication, collaboration and exchange among its members, who can then discuss water issues and generate and share knowledge
Private sector organizations	These are for-profit firms whose business is in the water domain. The most visible and best known of these organizations are multinational water corporations that provide water services. These have enormous financial resources and political connections that allow them to be influential. The main water multinationals are the French firms Véolia and Suez, American Water (USA), Aqua America (USA), Biwater (UK), and RWE (Germany). However, there are many other for-profit firms that participate in the global water regime, such as contractors or smaller service enterprises, as well as consultancy firms. This group also includes lobbying organizations such as Aquafed and the World Business Council for Sustainable Development, which have been very active in several water initiatives in the 2000s
United Nations agencies	There are 28 different entities in the United Nations that deal with water issues. Although they have the legitimacy of the United Nations system, they often lack resources and are pressured by powerful nations into positions that their staff does not share (Darcey O'Callaghan interview). There is a high degree of variation in the specific interests, positions, and capacities of different agencies
Non-governmental organizations (NGOs)	There is an increasing number of international NGOs that work on water issues. Most of these organizations do not have large amounts of resources, but they do work on the ground and thus have influence on practitioners and policymakers at the country level. Moreover, they have been active and vocal in the World Water Forums and in other global events in which they have been invited to participate. Examples of active NGOs are WaterAid or Charity: Water
Research institutions	With the increasing public profile of water issues in the world many research organizations (old and new) have been paying specific attention to the challenges of water provision. Some of these entities have for a long time been important for the water sector, as they host some of the leading water experts. They have also been instrumental in convening water events and promoting the exchange of ideas between water scientists and practitioners. The Stockholm International Water Institute (SIWI), for instance, was created in 1997. It gives annual awards to several prominent figures in the water sector and organizes every year the Stockholm Water Week, in which water experts and politicians get together to discuss water issues

The eight categories described in Table 2.2 show the wide diversity of actors that participate in global water initiatives, both public and private, humanitarian and profit-seeking, activist and reflexive. To what extent do these different types of organizations occupy central roles in the organizations and initiatives of the sector? This section answers this question by analyzing the composition of the Board of Governors of the World Water Council, as well as that of the panels of experts behind two of the most visible water initiatives: the World Water Vision and the Camdessus Report.

The Board of Governors of the World Water Council has a maximum of 35 members (there are currently 33) elected in the General Assembly of all the Council's member organizations. The Board has the power to elect the officials in charge of running the organization and its main working committees, which is significant because these are precisely the individuals who organize a number of global water initiatives. I have compiled a list of 110 current and past Governors and classified the organizations to which they belong according to the categories identified in Table 2.2. The results are shown in Table 2.3.

Over a quarter of the organizations represented in the WWC's Board of Governors are national water-related institutions. This reflects the abundance of this type of organizations, but also the extent to which national organizations are interested in participating in global water debates. The next two groups, with about 15 percent of Governors each, are private sector organizations and professional associations. Private for-profit firms had been absent from the discussions and conferences of the 1970s and 1980s, whereas they are strongly represented in the global water regime.

Table 2.3: World Water Council Board of Governors by Type of Organization (1996-2011)

Types of Organizations	# of orgs.	% of orgs.
1. Global water organizations	12	10.8%
2. International financial institutions	3	2.7%
3. National water-related agencies	28	25.2%
4. Professional associations	16	14.4%
5. Private sector organizations	17	15.3%
6. United Nations agencies	9	8.1%
7. NGOs	6	5.4%
8. Research institutions	10	9.0%
9. Others	10	9.0%
TOTAL	111	

It might seem surprising that international financial institutions such as the World Bank have the smallest percentage of representatives in Table 2.3 (2.7 percent). This responds to the fact that there is a very small number of these organizations, and each one of them can only be represented once on the Board. When we look at specific organizations that have contributed Board members we find that there are rarely any repetitions. I have counted 14 cases in which, at different times, an organization has had two different individuals on the Board. Only two organizations have had three different members, and the World Bank is one of them (the US Army Corps of Engineers is the other one).

While reviewing this information it is important to keep in mind that the affiliation of a particular Board member is not the sole indicator of an organization's potential influence in the WWC. Representatives of a given organization might also be members of a professional association, or have links to other organizations whose views and interests they also share. Moreover, water professionals often move between organizations of different types, which

increases the potential influence of larger institutions in which more experts might have worked. An illustrative example is that of William Cosgrove, a Canadian water specialist who was the president of the World Water Council between 2003 and 2005. Mr. Cosgrove is the president of Ecoconsult Inc., a for-profit consultancy firm which has had two members on the WWC's board. He was also the 'content coordinator' of the third United Nations World Water Development Report and one of the writers of the World Water Vision report. Moreover, he is a former vicepresident of the World Bank. Mr. Cosgrove has thus played roles in at least four organizations heavily involved in the water sector, each of them pertaining to a different category in the typology presented above. Although this is an extreme example, it is an indicator of the porosity that exists between organizations that participate in the global water regime. This potentially increases the cohesion of the regime, as it facilitates the transfer of ideas and views among organizations.²⁶

The influence that a given organization can exert through its presence on the Board of the World Water Council, although real, is mostly indirect and removed from concrete policies and ideas. That is not the case for the members of commissions created to produce reports, as they are direct contributors of ideas and policies that are presented as the product of the international water sector. It is thus important to analyze them in detail. The first of the two water initiatives that I will explore in this chapter is the World Water Vision. The main objective of this initiative was to formulate a 'vision' of where the global water sector wants to go in the 21st century. To do so, a panel of 20 experts (with the help of 20 advisors) called the World Commission on Water

²⁶ This statement is confirmed by the evidence collected in interviews with over 100 water experts, who were asked to describe the history of their involvement in the water sector. This often resulted in lengthy accounts of complicated trajectories across a number of water-related organizations.

for the 21st Century was convened by the World Water Council. Through a participatory process in which they tried to involve a large number of stakeholders, the panelists worked on the Vision for over two years, finally making it public through a series of reports in 2000 (Cosgrove and Rijsberman 2000). Even if they extensively consulted with other actors in the sector, the experts in the Commission were in the position to greatly influence the future direction of water policies, which raises the question of who these individuals were. Table 2.4 shows the organizational composition of the Commission and its advisors:

Table 2.4: World Water Vision Members and Advisors by Type of Organization

Types of Organizations	# of members	%	# of advisors	%	Combined	%
1. Global water organizations	3	15.0%	2	10.0%	5	12.5%
2. International financial institutions	5	25.0%	1	5.0%	6	15.0%
3. National water-related agencies	2	10.0%	3	15.0%	5	12.5%
4. Professional associations	0	0.0%	1	5.0%	1	2.5%
5. Private sector organizations	1	5.0%	0	0.0%	1	2.5%
6. United Nations agencies	1	5.0%	6	30.0%	7	17.5%
7. NGOs	4	20.0%	1	5.0%	5	12.5%
8. Research institutions	4	20.0%	5	25.0%	9	22.5%
9. Others	0	0.0%	1	5.0%	1	2.5%
TOTAL	20		20		40	

Of the 20 members of the Commission, five (25 percent) belonged to international financial institutions. This is a reversal of the trend that we found in the World Water Council's Board of Governors, where IFIs were barely represented. We see, then, that in the arenas where participation can be of direct and real influence international financial institutions are very well positioned. After financial institutions, NGOs and research organizations were the most represented groups with four members each. When it comes to the 20 advisors to the

Commission, we find mostly members of United Nations agencies and research institutions. This points to the peripheral role of the United Nations in the process, as well as to the importance that researchers play in such types of commissions (when members and advisors are considered together, this is the group with most representatives, 22.5 percent of the total).

Is this pattern the same for other types of initiatives? Table 2.5 shows the same information for the Camdessus Panel on finance for the water sector, which I discussed above:

Table 2.5: Camdessus Panel Members by Type of Organization

Types of Organizations	# of members	%
1. Global water organizations	1	5.0%
2. International financial institutions	7	35.0%
3. National water-related agencies	0	0.0%
4. Professional associations	0	0.0%
5. Private sector organizations	8	40.0%
6. United Nations agencies	0	0.0%
7. NGOs	2	10.0%
8. Research institutions	2	10.0%
9. Others	0	0.0%
TOTAL	20	

The Camdessus Panel was specifically focused on financial issues in the water sector, which partly explains its composition, with 35 percent of its members belonging to financial institutions. Yet it might still seem striking that 40 percent of its members came from the for-profit private sector. This is a clear indicator of the high level of participation of the private sector in the global water regime, at least when it comes to financial issues.²⁷ In total, then, 75 percent of the members of the Camdessus panel were representatives of either the private sector

²⁷ When I explore the Istanbul World Water Forum of 2009 in chapter 5, this conclusion will be reinforced.

or of international financial institutions such as the World Bank. It is remarkable that the commission that was to provide solutions about how to finance the water sector – which involves issues of cost recovery and the participation of the private sector – was monopolized by these two groups, whereas United Nations agencies, for instance, were not represented at all.

The patterns that Tables 2.3, 2.4, and 2.5 present are, first of all, indicative of the nature of the global water regime as a decentralized – or molecular, to use Gramsci's term introduced in chapter 1 – regime. The World Bank has members in each of the initiatives and organizations explored above, and as Goldman (2005) argues it is certainly influential in the water sector. But the regime is much broader than the World Bank, which could never monopolize by itself any of the initiatives. A considerable number of organizations of different types participate in the governance of the global water sector in a meaningful way.

Yet this does not mean that the organizations and initiatives of the global water regime are all-inclusive and democratic. We have seen that water experts (who, we should remember, were the initiators of the current configuration of the regime) and international financial institutions played a disproportionate role in the determination of the World Water Vision. And private sector organizations and IFIs occupied a privileged position to influence financial policy in the water domain through the Camdessus report. It is noteworthy that although state water agencies were the most numerous on the WWC's Board of Governors, they are mostly irrelevant in the most influential global water initiatives. We find then that national states neither initiated the system of governance for the global water sector nor are they particularly well-positioned to exercise a large degree of influence in it. In contrast, the private water sector is well-represented

and has managed to place some of its representatives in potentially very influential spots.

It is necessary to point out, however, that these patterns only show participation in a variety of processes, not the outcomes of that participation (and thus real influence). In order to properly assess the way in which different organizations effectively manage to shape the policies and views of the international water community, we have to complement the analysis of this section with an exploration of the ideas actually promoted by the global water regime.

2.2.3. The ideas of the global water regime

A possible objection to the foregoing discussion could be that it makes no sense to explore the relative influence of different organizations in the global water regime when, earlier in this chapter, I argued that the regime works because most of its participants already share a common approach to water management (what in Gramsci's terms would be the 'condensation' of ideas in the sector). What does it matter who is more influential if all actors share the same ideas? In order to address this apparent contradiction we need to remember that in my historical exploration of the water sector I identified two different levels at which new ideas were generated in the 1980s. At the level of general principles, I argued that the view that water should be managed as an economic good became predominant across the water domain. However, I also showed that at the lower level of the policies through which these principles are implemented there were some significant disagreements (for instance, about the extent to which cost recovery from citizens should be pursued, or about the role of the private sector in water provision). In order to properly assess how the global water regime operates it is thus necessary to explore what ideas and policies it promotes at both levels.

The general principles that encapsulate the new view of water were formulated in the Dublin Statement of 1992, particularly through the notion of *water as an economic good*. How central is the Dublin Statement to global water organizations and initiatives?

As my previous analysis suggests, the view of water as an economic good is preeminent in the approach and products of the global water regime. The Global Water Partnership, for instance, explicitly bases its work on what it calls the ‘Dublin-Rio principles,’ to which all of its over 2,000 partners commit (Global Water Partnership n.d.). The World Water Vision report also cites the Dublin Principles as its starting point (Cosgrove and Rijsberman 2000:2), as does the report of the Camdessus Panel on water finance (Winpenny 2003:1).

The Camdessus report, published in 2003, is particularly interesting in this regard because it argues that there is a global *consensus* on this issue: “In recent years, there have been many conferences, reports and papers on global water problems, and the panel has not wished to duplicate these – or to go over familiar ground on which there is an international consensus” (Winpenny 2003:vii). This is a significant statement because it captures the nature of the global water regime, through which seemingly unconnected conferences and reports produce generalized agreements. The use of the word ‘consensus’ is especially relevant. It implies that the principles and ideas produced by the initiatives of the global water regime are shared by all actors, and it obscures the issue of who contributed the ideas or whether any alternatives were considered.

The analysis of the World Water Council’s Board and two water initiatives presented above suggests that, although there is a high level of participation in the global water regime,

some kinds of organizations have disproportionately been in positions to exercise a high level of influence (particularly in certain policy areas). If, as I have argued throughout this chapter, the principle of water as an economic good was generally accepted by all actors, the key question becomes whether these well-positioned organizations managed to shape the specific policies promoted by the regime.

The analysis of the concrete policies advocated by the global water regime shows that the views promoted by international financial institutions, corporations and aid agencies, focused on full-cost recovery and the participation of the private sector, are indeed central. These ideas can be found in a number of statements and documents generated in global water initiatives between 1997 and 2003. I will focus mostly on the final statements of the second and third World Water Forums, as well as and on the World Water Vision and the Camdessus Report.

The first World Water Forum was a small event that took place in Marrakech, Morocco, in 1997. It brought together the relatively small amount of 500 participants (which is comparable to the Delhi Consultation of 1990), and its final statement basically calls for further work in the sector and charges the World Water Council with the task of developing a global vision on water issues. Such a vision, as I mentioned above, was developed over the following couple of years by a commission, whose final report was sent for approval to the second World Water Forum. In the Vision report, five primary actions are proposed:

- Involve all stakeholders in integrated management.
- Move to full-cost pricing of water services for all human uses.

- Increase public funding for research and innovation in the public interest.
- Recognise the need for cooperation on integrated water resource management in international river basins.
- Massively increase investments in water (Cosgrove and Rijsberman 2000:2-3).

We can see that full-cost recovery for *all* human uses, thus including water for personal consumption, is at the core of the Vision. In the same page where these actions are presented, the report continues:

Public and private management of water must be improved through greater accountability, transparency, and rule of law. Because of social concerns, in many countries the supply of water services has been entrusted to public agencies, which in most developing countries (and many developed ones) have become inefficient, unregulated, and unaccountable. The private sector changes this dynamic fundamentally, because a private monopolist needs to operate under a defined contract (that is, it needs to be regulated). Once regulation and accountability are established for private companies, it logically follows to do three things: compare their performance with that of public companies, make public companies also responsible to users, and regulate public companies. This process can start a virtuous circle of competition, with, arguably, the greatest benefit being that public companies become regulated, accountable, and efficient. There is clear evidence in the urban water sector that under such circumstances performance improves immeasurably, but the process has yet to start in irrigation. (Cosgrove and Rijsberman 2000 :3)

Notice how, in this statement, the possibility of the private management of water provision is taken for granted and presented as necessary not only because of the weaknesses of the public sector, but also because through competition and better regulation it will help public utilities become more efficient.

In the elaboration on these actions later in the report, the Commission writes the

following (in this passage the Report situates itself in 2025 and looks back at the decisions of the Commission):

the Commission agreed with the Dublin principle that to create proper incentives for the management of water, water should be treated as an economic good. But the Commission recognised that full implementation of marginal cost pricing was too big a step to make at that time. Thus it recommended a first step: that the full cost of water services be recovered from users. (Cosgrove and Rijsberman 2000:55)

It is interesting to see how the World Water Vision takes the general principle of managing water as an economic good as implying ‘marginal cost pricing.’ This expression is not mentioned in the Dublin Statement, and it only appears once in the report of the conference in reference to the allocation of bulk water, not to water services. Through this reading, however, the Commission presents the adoption of full-cost recovery as a compromise that falls short of the ultimate goal of efficiency. It is also worth mentioning that the notion of full-cost recovery is not used in the Dublin Statement or in the conference’s report. The only time that we find the expression ‘full cost’ in the text is in the following formulation: “A prerequisite for sustainable management of water as a scarce and vulnerable resource is that its full costs should be acknowledged in all planning and development” (World Meteorological Organization 1992:16). Certainly, the ‘acknowledgment’ of all the costs of production is not the same as arguing that they should be fully recovered from users. The World Water Vision, then, goes beyond the general principles of the Dublin Statement when it promotes the specific policies of full cost recovery and private sector participation.

It is important to note, however, that the Vision also recognizes that some poor households will not be able to pay their water bills and will need some help. We should

remember that this was already present in the Dublin Statement, since its fourth principle argued that water should be seen as an economic good while recognizing “first the basic right of all human beings to have access to clean water and sanitation at an affordable price” (World Meteorological Organization 1992:4). The Vision adopts the same principle, specifically mentioning subsidies as a policy option: “Because some low-income households could not afford water, measures were introduced to subsidise these households so that they could pay for water to meet their basic needs. These households also contributed to the cost of their services in kind through their labour for installation and operation” (Cosgrove and Rijsberman 2000:55).

The second World Water Forum, which took place in 2000 in The Hague, was a much larger event than the first one. It had 5,700 participants, and it gathered official national delegations that signed a ministerial declaration. Such declaration specifically welcomed the outcomes of the World Water Vision process, and in its two pages it specifically called all actors

to manage water in a way that reflects its economic, social, environmental and cultural values for all its uses, and to move towards pricing water services to reflect the cost of their provision. This approach should take account of the need for equity and the basic needs of the poor and the vulnerable. (World Water Forum 2000:1)

The Forum’s main report goes beyond the Ministerial Declarations since it addresses the issue of privatization at several points. It summarizes, for instance, a session called ‘CEO Panel on Business and Industry’ in which 11 international corporations produced a joint statement arguing the following:

The private sector has a growing role to play in the supply and management of water resources. Private sector investment will be critical in bridging the gap between supply and demand for water. Effective pricing of water as a valued

resource will stimulate industry to invest time, talent and money in the efficient supply and management of fresh water for all. (World Water Council 2000:10)

Specifically referring to privatization, however, the report reads:

It should be absolutely clear, however, that nobody, not the World Water Commission, not the many, many others that prepared the Vision and Framework for Action, nor the participants in the Forum, proposed that the government monopoly should be replaced by a private monopoly. Nor that water resources should be privatised. (World Water Council 2000:16-7)

The focus, then, is not on the substitution of the private for the public sector, but on using the private sector to complement the work of governments, and to push governments to do a better job by bringing in competition. The private sector should play a role in management, but not ‘own’ water itself. Another reason given for the involvement of the private sector is the need for financial resources: “Development aid will not go up drastically. Government funding is not likely to double either. Additional resources can – and have to – come from the private sector” (World Water Council 2000:18).

As far as full cost recovery is concerned, the Forum report re-states the content of the World Water Vision: “Users should in fact be charged the full cost of the services – with appropriate subsidies made available to the poor and with recognition of the resources the poor do have, their labour” (World Water Council 2000:17).

As a last example of the pervasiveness of these policies in the initiatives of the global water regime I will use, once again, the Camdessus Report on how to finance the water sector. As in the previous cases, the panel of experts acknowledges the path that started in Dublin and declares that it intends to build on it. According to the report, the water crisis is caused by the scarcity of financial resources of developing country governments for the water sector, which are

not increasing: “public funding of the water sector has at best been stationary” (Winpenny 2003:6). The only solution is to find new sources of finance. The report agrees with the conclusions of the Bonn conference on Freshwater, which had taken place in 2001:

It was recognised at Bonn that public funding for water needed to be augmented by private capital. This could take the form of public-private partnerships, which did not imply private ownership of water resources and assets. In any case, such partnerships were not to be imposed by donors as a condition of funding. (Winpenny 2003:3)

Thus the private sector was supposed to play a key role not only in bringing efficient management to the water domain but also as a source of finance for infrastructure investment. But just as with previous statements, the Camdessus Panel also included caveats in their work recognizing the need to ensure people’s right to access water: “the affordability of their services should be assured by various means, including transparent public subsidies to the social target groups and cross-subsidies from other users” (Winpenny 2003:3).

These examples show the evolution of statements and declarations of the main actors and initiatives in the water sector since the mid-1990s. Four conclusions can be extracted from the foregoing analysis. First, these are not statements coming from one actor. In all cases, they are the result of collaborative and participatory work coming from open conferences or diverse expert commissions whose products were officially adopted in subsequent global water events. Second, these statements build on each other and further develop the principle that water should be managed as an economic good, which has been at the core of the global water sector since the 1980s and made explicit at the Dublin Conference of 1992. Third, all these statements go beyond general principles and promote specific policies, which include private sector participation and

full cost recovery for all water uses. These policies are not necessary corollaries of the view of water as an economic good, and as I showed above a number of actors in the water sector have in fact been opposing them since the 1980s. Finally, the support for these policies is always accompanied by statements endorsing people's right to access water and the need to subsidize water consumption for the poor.

When I discussed the Dublin Principles, I argued that they promoted the view that water as an economic good is compatible with, and necessary to guarantee, people's right to water. Now we see that, through its *sui generis* mode of operation, the global water regime consistently brings these principles down to the level of policies by promoting full-cost recovery and private sector participation on the one hand, and subsidies for the poor on the other. However, once we descend to the level of concrete policies, does this compatibility hold? Is it practically possible and likely to manage water through full cost recovery and privatization and, at the same time, guarantee access to water as a right through subsidies?

This is a key question which lies at the core of the disputes over water management that have been taking place in the last two decades. For some actors, these two elements are not compatible and pursuing water as an economic good through these policies in practice implies that some people, the most vulnerable, will not have guaranteed access to affordable water.

These disagreements are actually acknowledged in the documents that I reviewed above. The final report of the second World Water Forum, for instance, devotes part of a chapter to the controversial issues discussed at the Forum, which include privatization and full cost recovery. Referring to the latter, the report explicitly recognizes that "[i]t is supported by many, although

certainly not all, participants in the Forum” (World Water Council 2000:17).

Another consideration worth introducing at this point is that the public-private divide does not comprehensively capture the range of views about water management that are discussed in the global water sector. Bakker (2011), for instance, argues that an alternative view about water provision involves the direct construction and management of water resources by local ‘communities,’ an approach that is often characterized as ‘water as commons.’ In this view, water is seen as a common resource belonging to the community, which organizes itself to ensure its provision in a way that everyone has appropriate access to it. The ‘community’ option is hard to locate in the public-private spectrum, but it is championed by individuals and organizations which can be seen as part of the global water regime. Sir Richard Jolly, for instance, has been for decades a public servant in the United Nations system. He was the first president of the WSSCC, and played a pivotal role in the process that came up with the Millennium Development Goals. He was a member of the Commission that drafted the World Water Vision (reviewed above) and thus could be seen as someone who favors the economic view of water. Yet he defends the role of low-cost solutions to water provision instead of the use of the private sector, to the point that he describes the Camdessus Report as a “scandalous document” (Richard Jolly interview).

How can we reconcile the open and participatory nature of the global water regime, the repetitive presentation of some of its policy ideas (which include full cost recovery and private sector participation) as part of a ‘consensus,’ and the fact that a number of actors in the water domain disagree with some of these ideas? What does this mean about the nature of the global water regime and how it works?

In order to address these questions, and thus to fully characterize and understand the global water regime as a system of governance, two further tasks are necessary. First, we need to evaluate the implications of the policies promoted by the regime. Water provision takes place at the local (or quasi-local) level, and thus we need to focus on specific instances in which the promoted policies are applied to see what their effects are in terms of efficiency, sustainability, guaranteed access, and equity. I will undertake this task in the next two chapters (3 and 4) with the detailed study of the cases of South Africa and Bolivia. Second, we need to understand the development of alternative views to the ‘consensus’ promoted by the global water regime, and how these views are integrated or rejected. In order to do so, in chapter 5 I will analyze the global social movement for water justice and its interactions with the global water regime. Together, these chapters will provide us with all the elements necessary for a proper characterization and assessment of the global water regime.

2.3. Conclusions

We have covered a lot of ground in this chapter, so let me attempt to summarize what we have seen. I started with a brief review of the history of modern urban water provision, which I argued was characterized by the ‘hydraulic’ paradigm for most of the 20th century. This paradigm involved the public supply of water and the use of subsidies to ensure everyone’s access to water. But in the second half of the century, the realization that large parts of the world population – particularly in developing countries – did not have access to clean water, alongside increasing concerns over pollution and the environment, led to growing attention to water issues by the international community.

The relative failure of the initial efforts to extend water provision in the 1980s gave way to a reconsideration of the way in which water was managed. Based on the economic ideas prevalent at the time, a new view of water as an economic good emerged and became predominant. However, despite several attempts the international water sector was unable to articulate itself in a coherent and systematic way. Moreover, although there was a relative consensus on the need to value and protect water properly, there were disagreements among different actors about the specific policies through which these ideas should be implemented.

In the 1990s, and under the leadership of water experts, a new global water organization was devised to unite and coordinate the water sector. However, this led to the birth of a number of similar organizations, which erased the supposed clarity that was to be gained from having one global water institution. All these organizations collaborate in creating global water initiatives, such as large conferences and thematic reports. These initiatives are open to all actors and request the participation of all stakeholders, and thus they provide the sense that the ideas and policies proposed in them reflect a consensus of the international water sector. Many water experts see this mode of operation as a chaos full of duplication and wastage. However, I argued that, although not formally structured or planned beforehand, this collection of global water organizations and initiatives form a coherent system of global governance, which is what I refer to as the global water regime. The general ‘condensation’ of ideas in the 1980s around the view of water as an economic good brings about an initial convergence of approaches that makes dialogue and cooperation possible. But I have also shown how, although formally open and participatory, the operation of the global water regime favors the participation of some actors

over others. This results in the promotion of specific policies, such as full cost recovery and private sector participation, that reflect the interests of the most powerful actors and are rejected by others.

In the next two chapters, I will explore how these policies were applied in South Africa and Bolivia and what outcomes they generated. In chapter 5, I will analyze the opposition and alternative views to the global water regime that emerged at the local level and escalated to the global arena in the 2000s. I will bring all this evidence together in the conclusion in order to formulate a final characterization and assessment of the global water regime as a system of governance.

Chapter 3: South Africa

Let there be work, bread, water and salt for all. (Nelson Mandela)

The main goal of my exploration of the cases of South Africa (in this chapter) and Bolivia (in the next) is to assess the degree to which the policies promoted by the global water regime affected water provision in each country, through what channels they were transmitted, and what effects they had for the access to water of the most vulnerable populations.

The South African case is particularly interesting in this respect because of the isolation in which the country found itself during the apartheid regime, which raises questions about how receptive the country was to global policies. It also represents a challenging case for the provision of public services given the exclusion and oppression to which the majority of the population had been subjected for decades. At the same time, South Africa is a middle-income country, which means that it has enough resources to adopt a range of policies that would not be available to a poorer nation.

In my exploration of South Africa, I will show how, although the first policies adopted after the end of apartheid were consistent with the view of water as an economic good, the new government took a radical change of course in the early 21st century through the adoption of a free basic water policy. Yet I will describe how, at the same time, vociferous social movements continued to criticize the government for applying 'neoliberal' policies. What was, then, the water policy orientation of the new government in South Africa? To what extent did it follow the policies advocated by the global water regime? And what effects did its actions have for the

population's access to water?

In order to answer these questions, I will start the study of the South African case with a brief review of the country's history of exclusion and the implications that the latter had for water provision. I will then move on to discuss the last few years of the apartheid regime and the transition to democracy, which coincided in time with the major global shifts in water management that I explored in chapter 2. The third section of the chapter will focus on the developments that took place around the turn of the century, when the government adopted new progressive measures that moved away from previous policies. Finally, I will assess the effects of these policies by exploring the case of water provision in Johannesburg and by analyzing the rise of water social movements. In my conclusion, I will show how the contradictory nature of water policy in South Africa, with the adoption of policies that contain both progressive and regressive elements, forces us to go beyond the specific measures taken and pay attention to the logic underlying water provision in South Africa, for which I will argue that the notion of 'ring-fencing' is a central.

3.1. A History of Exclusion

It was a radiant Summer morning in 2008. I had arrived in South Africa a few weeks before and I was driving from Johannesburg, where I was based during my fieldwork, north towards a certain Blue Valley Estate in Midrand, where I was supposed to meet an informant for my first out-of-town interview. In the scarce half an hour that took me to arrive to my destination, I came to witness several examples of the extreme contrasts that characterize South Africa, which until then I had only seen on paper. A few minutes after my departure, on the right side of the freeway,

I could see the dirty, narrow streets and unstable-looking shacks that populate the township of Alexandra, one of the poorest in the country. Shortly after, on the other side of the road, the opulent high-rises of Sandton, popularly known as “Africa’s richest square mile” appeared, monumental, before me. These social disparities were soon supplemented by similarly radical changes in the landscape. After leaving the urban area of Johannesburg behind, the scenery turned brown and copper. A dry layer of dusty terrain covered the wavy hills that reached for the horizon, and the uniformity of the view was only broken up by a few patches of low, bony bushes that appeared as a hopeless olive archipelago amid a waterless sea.

Before reaching Midrand, I left the highway and followed the steep road that climbed up the ridge on top of which the solitary building of the Development Bank of Southern Africa rests. Just before reaching it, however, I veered left again abiding by the sign that indicated the direction towards the Blue Valley Estate and, a few seconds later, I arrived to the address marked on my map. Yet, to my surprise, my destination was nowhere to be found. As I slowed my clunky rented car down, all I could see was a gigantic wall with an entrance guarded by heavily armed soldiers, which I imagined protected some kind of military base. I continued down the road until it was evident that I had gone too far. I turned around and, after paying closer attention, I realized that what I had taken for a military compound was, in fact, the Blue Valley Estate I was looking for.

After properly identifying myself and being cleared by the intimidating security personnel, I entered what at the time seemed to me was a different reality. Pristine undulating streets punctuated by trees were flanked by elegant Tuscan villas which, in turn, were surrounded

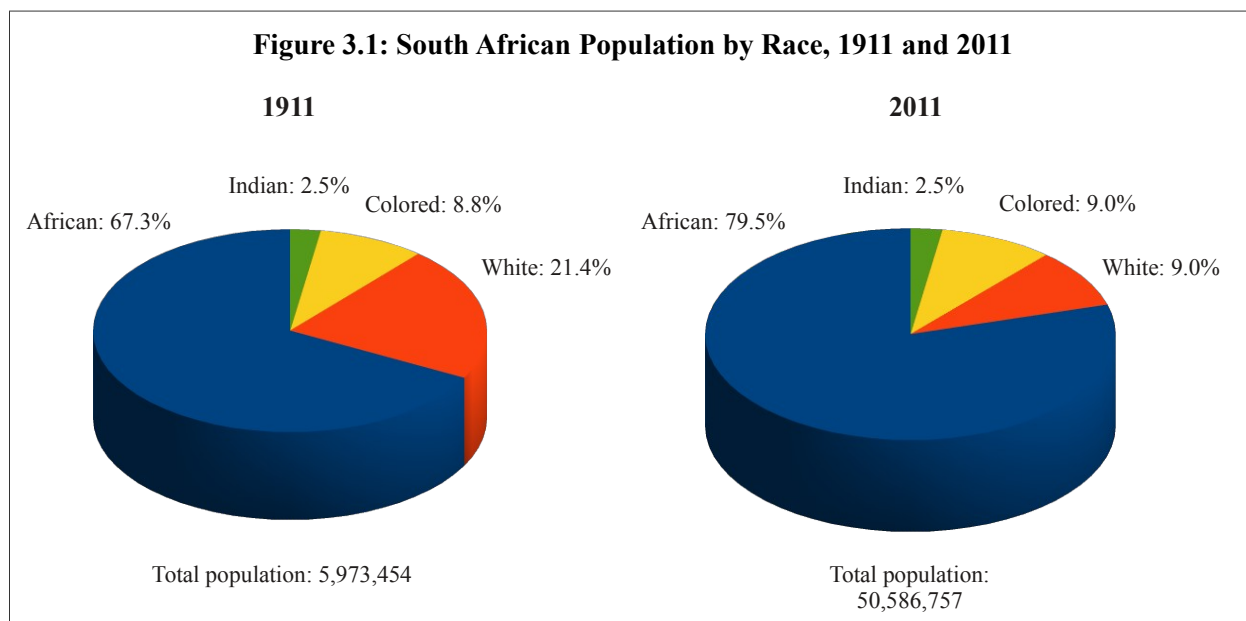
by lime-colored, perfectly groomed grass, all together forming an idyllic and unexpected portrait. At the end of the street where I found myself I could see the country club, where I was supposed to meet my informant, and thus I slowly advanced towards it as I admired the pastoral landscape. Since I was a little early, I circled the country club and sat at the building's back terrace, from which I could admire a golf course spreading across the valley. The image of that bright green carpet extending below me was, once again, shocking in contrast to the coarse landscape that I had observed alongside the freeway, and I could not help but wonder how much water was used to keep all that grass and from how far it had to be brought. At that point I had to abandon my musings and focus on the main reason for my visit since my interviewee, skillfully driving a white golf cart, had just pulled over in front of the terrace and was waving at me.

The sharp contrasts that I witnessed in my first trip outside of Johannesburg vividly illustrate some of the basic features of both the social context and the hydrology of South Africa. Both of them are key determinants of the more recent developments in water access that I will explore later in this chapter, and thus they need to be analyzed in more detail, which I will do in turn in the next two sections.

3.1.1. Exclusion, inequality, and segregation

South Africa has a long history of extreme discrimination and inequality along racial lines that marks the evolution of the water sector and the way in which different segments of the population access water. Since Dutch and British colonial times, the non-white population of what today is South Africa have been discriminated by the ruling white elites. After the creation of the South African Union in 1910, and as the South African state increased its capacity and

reach, discrimination became increasingly instantiated in law, effectively setting up a system of enforced segregation. In 1913, for instance, the Natives Land Act forbid the native population from acquiring land outside of demarcated reserves, thus leaving the most productive land to white farmers. With accelerating urbanization, mobility restrictions in the form of pass laws increased in an attempt by the government to limit the flow of Africans to the cities. The goal was to protect the white minority from the growing non-white majority (Figure 3.1 shows the evolution of population by race in South Africa). This system became institutionalized in what after 1948, when the National Party rose to power, came to be known as the system of *apartheid*.



Sources: Kane-Berman and Tempest 2004:3, A. K. Khalfan et al. 2005:12, and Statistics South Africa 2011:6

At the core of this system was the Population Registration Act of 1950, which established four racial groups – whites, africans, coloreds, and indians – and classified and registered all the

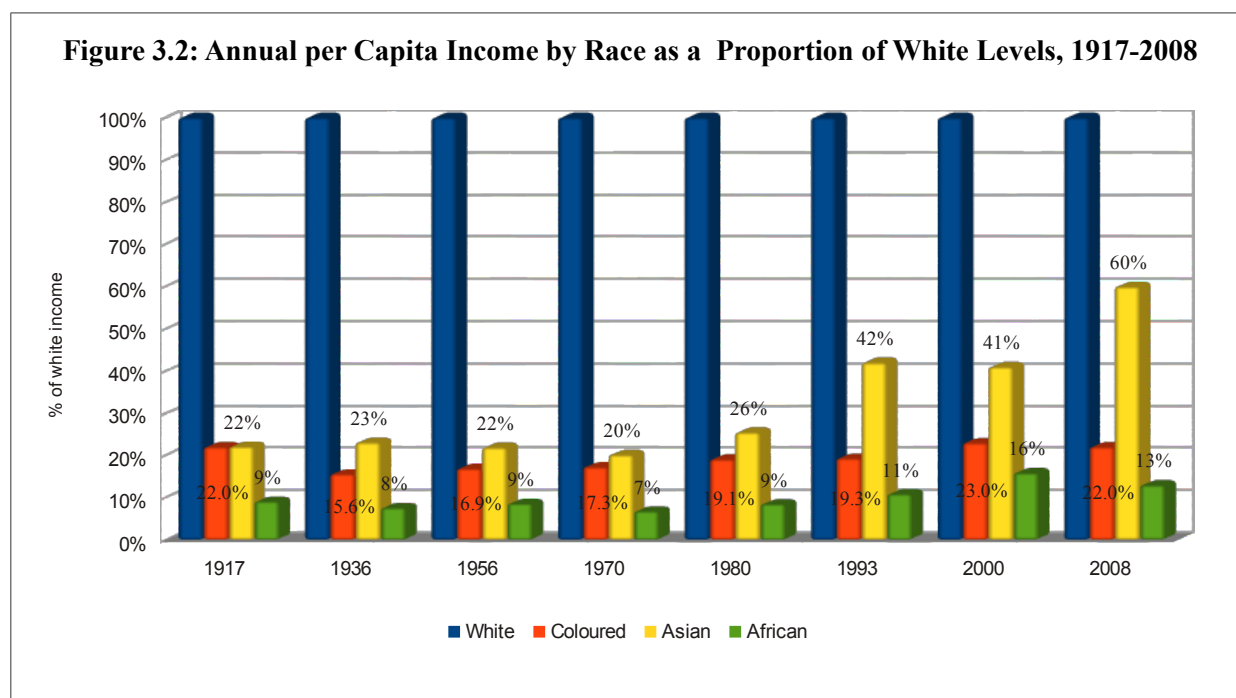
population in one of these categories according to (supposedly) fixed and uniform criteria. This classification had far-reaching consequences since, boosted by the expansion of the scope of state action, it determined the rights, services and opportunities that each individual could enjoy, including where they could live and work (Posel 2001). The outcome of this process was the establishment of a comprehensive regime that allowed the white minority to rule over the non-white majority, which was forced to stay in specific geographical areas – the bantustans or homelands – and was used as cheap labor for the advancement of the country's white capitalist economy.

The inequalities that this brought about between racial groups are remarkable. Figure 3.2 presents the evolution of personal income by race as a proportion of white income for selected years, and it shows that through the apartheid period the average african income was less than 10 percent of the average white income. This made South Africa one of the most unequal societies in the world. Even in 2009, after a decade and a half of government by the African National Congress (ANC), the Gini coefficient – which provides a measure of inequality²⁸ – of South Africa was still the highest of all the countries for which the World Bank had data, with a value of 63.1. Other countries known for high levels of inequality, such as Brazil or Chile, had lower Gini coefficients of 54.7 and 52.1 (World Bank 2012b).

Apartheid was in place for four decades, but it did not go uncontested. Internal opposition, which soon became violent, grew steadily. The ANC's armed wing, called Umkhonto we Sizwe but better known as MK, was created in 1961 and engaged in guerrilla warfare and

28 The Gini coefficient calculates the proportion of income that should be redistributed in order to achieve a completely equal distribution of income. It thus presents values between 0 and 100, and the higher its value the higher the level of inequality the country has.

acts of sabotage. External pressure, both political and economic – in the form of disinvestment and trade sanctions – also increased in the 1970s and 1980s, and the situation became so extreme that the government of P. W. Botha came to the realization that some reforms needed to be done.



Elaborated by author with data from Leibbrandt et al. 2010:13

A new constitution that gave voting rights and some political representation to Indians and coloreds (but not Africans) was drafted in 1983, but it did not appease the critics or prevent further conflicts and violence. This pushed the government to realize that apartheid could not survive, and a process of negotiations for a transition to a democratic regime started in 1990. In 1992, Nelson Mandela, the leader of the ANC, was released from prison after being incarcerated for 27 years, and in April of 1994 the first multi-racial democratic elections in the country's

history, which resulted in a landslide victory of the ANC coalition,²⁹ finally took place (see Thompson 2001 for more details on this process).

This history of inequality and segregation affected all aspects of South African society, and it had a particularly significant effect on the population's relationship with and access to water. I explore this relationship in the next section.

3.1.2. Water in South Africa until the 1980s

As my depiction of the landscape surrounding Johannesburg at the beginning of this chapter illustrated, South Africa is located in an arid to semi-arid region. It has a relatively low average rainfall of 495mm per year,³⁰ and the distribution of precipitations is very uneven, both geographically and temporally. Twenty-one percent of the country receives less than 200mm of rain each year (Muller 2002), and 40 percent of South Africa's rivers and tributaries (which add up to 65,000 km) are subject to seasonal flows – that is, they have no flow during the drier months of the year. Further, some of the areas where water demand is highest, such as the industrial region around Johannesburg, receive very little rainfall (O'Keeffe, Uys, and Bruton 1999:277). Whereas 50 percent of the country's runoff and groundwater was being captured and used in 1990 (a figure predicted to rise to 67 percent in 2010), the Pretoria-Witwatersrand-Vereeniging region (precisely that around Johannesburg) has long been using more than 100

29 The ANC governs in a tripartite alliance with the Congress of South African Trade Unions (COSATU), and the South African Communist Party (SACP).

30 By comparison, the United States with 715mm per year, France with 887mm per year, or Brazil with 1,782 mm per year are much wetter countries. Even its poorer neighbors Zimbabwe, with 657mm per year, and Mozambique, with 1,032mm per year, get considerably more precipitation than South Africa (data for 2007-2011 from World Bank 2012).

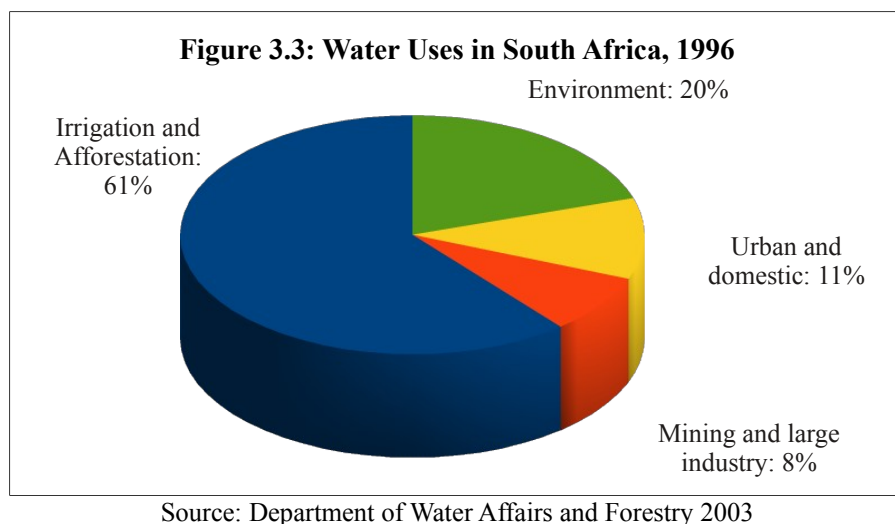
percent of its available water, thus having to import it from other parts of the country (O'Keefe et al. 1999:279-80).

In order to deal with the scarcity and irregularity in water availability, South African authorities have favored impoundment and inter-basin transfers. O'Keefe, Uys and Bruton (1999:282) claim that "[t]here are now about 550 government dams in South Africa with full supply capacities in excess of 37,000 million m³ and these intercept about half of the mean annual runoff," and several thousand smaller dams built by farmers are believed to be also in operation. The country currently has 24 inter-basin transfer schemes, including the gigantic and controversial Lesotho Highlands Water Scheme, which is engineered to take water from the Orange river in Lesotho to Gauteng province (where the country's capital Pretoria and Johannesburg are located), over 200 miles away (Muller 2002).

The history of water management in South Africa that led to the construction of these waterworks can be traced back to the late-19th century. Up to that point, South Africa was an agricultural economy with low population density. Water resources were not under pressure and thus water was managed privately from natural sources. Agricultural and mining development in the 19th century, however, soon started to put pressure on the limited water resources, which led to the creation of a hydraulic division under the commissioner of Public Works in the Cape colony in 1875. Two years later, legislation was passed to legalize and encourage the formation of private irrigation boards. In 1904, irrigation departments were created in the Cape and the Transvaal in order to manage the allocation of water to farmers and different boards. The next step took place in 1912, when the Irrigation and Conservation of Waters Act was proclaimed to

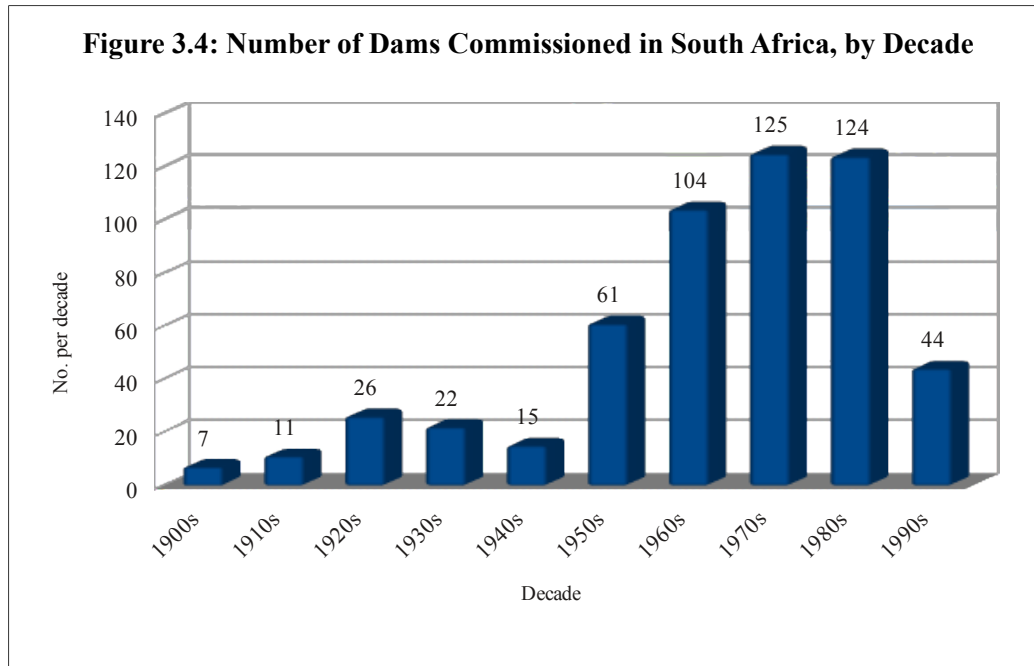
promote “the building of storage schemes and the construction of several major dams” and the Department of Irrigation, the precursor of the current Department of Water Affairs, was created (Department of Water Affairs and Forestry 1986:1.10-1.11).

The role of the state in the water sector increased steadily in the following three decades, and it mainly involved the construction or subsidization of irrigation schemes for farmers (Vaughan 1997:1-2). The thrust of the state’s interest in water issues, therefore, was on water as a resource, particularly for its use in agriculture. Its actions, however, did not equally benefit all of the country’s inhabitants. Legally, access to water followed the riparian principle of British law, which establishes that priority of access is given to the owners of land adjacent to water sources. As I mentioned above, since the Native Lands Act of 1913 land acquisition by non-whites was limited to the reserves, which at the time totaled only 7.9 percent of the country’s area (Binswanger and Deininger 1993:1461), with the result that the most productive lands were in possession of the white minority. In fact, still today white farmers control 83 percent of all agricultural land in South Africa (Perret 2002). Irrigation, in turn, is the water use to which the largest proportion of water is devoted (61 percent), as Figure 3.3 shows.



Considering that about 20 percent of the water consumed in cities is assumed to be used by local businesses, we find that about 89 percent of all the water devoted to human uses in South Africa is spent in agriculture and industry. Since these activities are overwhelmingly dominated by the white minority, it is clear that most of the efforts devoted to the construction of waterworks in South Africa have also historically only benefited that minority (Department of Water Affairs and Forestry 1994:5).

The construction of water infrastructure by the government increased dramatically in the 1950s when rapid mining, urban, and industrial development made evident that the existing framework was not adequate to manage the limited water resources available. The government thus felt compelled to adopt a much more proactive role, as it is evident if we look at the number of dams built in South Africa by decade (Figure 3.4), which clearly shows a pronounced increase starting in the 1950s.



Source: Development Bank of Southern Africa 2006:51

In order to facilitate a more interventionist role for the state in the water sector, a new Water Act was drafted and adopted in 1956 which, for the first time, established that the South African state would be in charge of the management of all water resources. Riparian rights were still in place, but the government now had the prerogative to take over any water source if necessary for national interests, which at the time were defined to include only the white minority.

The actions of the South African government during that time follow closely the features of the ‘hydraulic paradigm’ of water management that, in chapter 2, I argued was the dominant approach in the water sector during most of the 20th century. The demand for water from the white population was taken for granted, and the state undertook infrastructure projects in order to provide cheap water to meet that demand.

It is important to point out that the focus of the government was mostly on water as a resource, and that water services were left to local authorities (Development Bank of Southern Africa 2006:53). In the second half of the 20th century, the Department of Water Affairs took on the charge of subsidizing some municipal water schemes, but that affected only the construction of infrastructure for water delivery and not the provision of water itself. Even these subsidies “were subsequently modified to assist only smaller municipalities that would otherwise not have been in a position to carry out works of a satisfactory standard” (Department of Water Affairs and Forestry 1986:1.10).

This focus on water as a resource was evident in the assessment of the country’s water availability and needs published by the Department of Water Affairs in 1970 in response to a major drought that had taken place in 1966. The only time that water services are mentioned in the report is to suggest measures through which water could be saved in consumption. This, however, points out one the most interesting aspect of the report: its focus on scarcity and how to manage it. The 1966 drought had made the problem of water availability visible, and the Department of Water Affairs was looking for ways to deal with it. In doing so, it used an economic approach which emphasized pricing water at its true cost:

The application of a realistic price policy that reflects underlying scarcities is one of the most efficient ways of ensuring the effective exploitation of a country’s resources. In a free economy it is moreover the best way of effecting a balance between supply and demand and preventing waste of a scarce commodity. It is therefore undesirable that the price of water, either to the urban or to the agricultural sector, be kept artificially depressed through administrative decisions. ... it is regarded as fully justifiable gradually to raise water rates at existing schemes till at least the annual operating and maintenance costs are covered. (Department of Water Affairs and Forestry 1986:1.28-1.29)

This is a very interesting statement. We find here all the elements of the approach that would become predominant in the 1980s under the label of ‘water as an economic good.’ What took the international community two decades more to figure out and articulate was already evident to countries suffering from water scarcity. The approach used to deal with this problem in South Africa was based on the need to value water properly and use it efficiently, yet it is important to insist once more that this approach was applied only to water as a resource. The Department of Water Affairs did not play a role in the provision of water services, and thus policies such as privatization and full-cost recovery for the domestic use of water were not proposed or adopted.

What was then the situation in the water services sector? Not surprisingly, the segregation implied by apartheid and the fact that water services are usually provided at the local level combined to generate extreme inequalities in the access to these services along racial lines. The relative autonomy given to the bantustans meant that the provision of water to the African population that lived in them was left to the bantustan authorities. The South African government did provide some water infrastructures in the homelands, but the goal was merely to “limit the desirability of urban life outside the Bantustans” for africans who had to live close to the cities where they worked during the day, and thus these covered only the most basic level of service (Swatuk 2010:531). This was particularly true after the uprisings that took place in the township of Soweto (Johannesburg) in 1976, when it became clear that “the fiction of urban residents as ‘temporary sojourners’ could no longer be maintained” (von Schnitzler 2008:909). Whereas in the business sections of cities and in the residential areas reserved for whites water services were of high quality, access to water in the townships and countryside where africans were forced to

live had much lower standards. Thompson (2001:165-6) vividly describes the living situation of Africans thus: “Separated from the modern town was a black location, where mud, clapboard or corrugated iron buildings with earth latrines stood on tiny plots of land and were served by water from infrequent taps along the unpaved paths and roads.” In 1996, just after the end of apartheid, the inequalities in levels of service were extreme. Whereas 96 percent of white households had access to piped water inside their home, only 26.7 percent of africans enjoyed that type of service. Twenty-six percent of african households obtained their water from public taps, and almost 17 percent from natural sources such as rivers or streams. More details on the levels of water service by race can be found in Table 3.1.

Table 3.1: Household Water Sources by Race, 1996

Water Source	African	Colored	Indian	White
Piped water inside the dwelling	26.7%	71.9%	97.2%	96.0%
Piped water inside the yard	20.4%	18.5%	1.2%	0.6%
Piped water from access point outside the yard / public tap	26.4%	4.9%	0.4%	0.1%
Water carrier / tanker	1.6%	0.5%	0.1%	0.0%
Borehole / rainwater tank / well	5.9%	1.9%	0.6%	2.6%
Dam / river / stream / spring	16.8%	1.6%	0.2%	0.2%
Other	2.2%	0.7%	0.4%	0.4%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: Lebone 2008:494

Access to water reflected the logic of exclusion pervasive in the country, but it was also actively used as a tool for social control, giving way to what Conca (2006) refers to as the ‘hydrology of apartheid.’ By providing water service in the townships, even if of extremely low quality, the apartheid regime was taking advantage of South Africa’s water scarcity and using water access as a way to keep the african population in the bantustans.

3.2. The End of Apartheid

The 1980s were extremely tense years in South Africa. Opposition to the apartheid regime mounted both at home and abroad. Within the country, the level and intensity of confrontation from the ANC and its allies increased markedly, to the point of jeopardizing the capacity of the government to rule the country. Protests, civil disobedience, and even terrorist acts made the political situation highly volatile. Abroad, the pressure of international powers on the apartheid government to end the exclusionary regime, including economic boycotts, only made things harder for the South African government. On top of all this, the country's economic situation took a turn for the worse. International isolation at a time of economic crisis made the situation unsustainable. As Table 3.2 indicates, GDP growth slowed down in the 1980s, which combined with rapid population increase meant that the GDP per capita actually fell during the 1980s and early 1990s. This trend is reflected in a rapid increase in unemployment, which reached over 22 percent of the labor force in 1993.

Table 3.2: Selected Economic Indicators, 1980-1993

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
GDP growth (annual %)	6.6	5.4	-0.4	-1.8	5.1	-1.2	0.0	2.1	4.2	2.4	-0.3	-1.0	-2.1	1.2
GDP per capita growth (annual %)	4.2	2.8	-2.8	-4.3	2.4	-3.7	-2.5	-0.4	1.7	0.1	-2.3	-3.0	-4.2	-0.9
Unemployment, total (% of total labor force)	9.2	9.8	10.8	12.5	13.7	15.5	16.0	16.6	17.2	17.8	18.8	20.2	21.2	22.2

Elaborated by the author with data from World Bank 2012c and International Monetary Fund 2012

Another area in which this situation had significant consequences was the provision of public services. One of the measures that the apartheid government took in response to growing mobilization and opposition was the establishment of Black Local Authorities (BLA) in 1982.

The BLAs gave independent local authority to black townships for the first time. However, the BLAs were expected to raise their own revenues, which they could only do by increasing tariffs on the extremely deficient public services that they delivered (Van Ryneveld 2006:165-6). This, alongside accusations of corruption and mismanagement, quickly delegitimized the BLAs (Smith 2004:382) and gave way to what came to be known as ‘rent boycotts,’ by which the inhabitants of the townships refused to pay rent and the charges for public services (von Schnitzler 2008:910).

The BLAs attempted to respond to these actions through evictions and service disconnections. However, these became increasingly difficult to carry out in the hostile environment of the townships, and in any case they were often ineffective because people learned to perform illegal reconnections. In the end, the BLA councils gave up “and by 1988, meters were no longer read and the council stopped sending out bills altogether” (von Schnitzler 2008:911). The paradoxical outcome of this process was that, under a hostile government, non-white populations enjoyed public services (even if at extremely low standards of service) free of cost, something that would make tariff payment much more difficult to achieve for the ANC government later on, as we will see.

When in the late 1980s it became evident that the continuation of apartheid was inviable, the National Party began to promote a new set of policies. On the surface, the outcome of this process might seem contradictory. In the 1980s, and because of the controversial nature of the apartheid regime, South Africa was effectively isolated internationally. Compared to similar middle-income countries with a high proportion of their population in poverty, South Africa was

mostly cut off from international organizations and multilateral banks that, at the time, were strongly influencing economic and social policies around the globe. Whereas in the rest of the developing world the IMF, the World Bank, and other regional institutions were imposing the market-oriented policies of the so-called Washington Consensus through loan conditionalities, South Africa had barely any financial ties to these institutions and thus it had no obligation to follow their policy recipes. There would be no reason to expect, then, that The National Party, which had been extremely interventionist in the economy in the past, would adopt the free-market policies promoted by the Bank. However, in the late 1980s and early 1990s these were precisely the policies that it adopted.

Peet (2002:73) claims, for instance, that “[i]n the late 1980s, the Afrikaaner National Party shifted from its previous import substitution strategy to a more export-oriented program, codified in the Normative Economic Model (NEM) of 1993.” And Fine (1995:6) points out that the apartheid government started to privatize public enterprises as early as the mid-1980s. What accounts for this kind of behavior?

Hentz (2000) argues that the National Party, in foreseeing that the ANC was going to reach power after the transition, promoted free markets and a small and limited government as an exit strategy, in order to isolate the economic interests of its base from any type of posterior intervention that might threaten them.

Narsiah (2008) claims that more important than the National Party’s strategy for the transition was the international influence of neoliberal ideas, which he argues entered South Africa through its communications with foreign governments and international institutions. I

have mentioned above that the World Bank had no leverage to impose policies in South Africa. That does not mean, however, that it did not have any linkages with the country. In its new role as a “knowledge bank” focused on providing technical assistance (see Goldman 2005:18), the World Bank had a particular interest in South Africa because of its prominent status as a country in transition, which would make the adoption of the Bank’s policies very visible. Thus, the Bank increasingly attempted to influence South African policy by providing advice to the National Party.

A third view is offered by Fine (1995), who argues that the adoption of neoliberal policies did not represent a radical change of course, since these policies, such as privatization, are in fact a “different form of *intervention* by the state (and not simply its withdrawal) in promoting the restructuring and accumulation of private capital.” He adds that “privatisation has symbolised and sustained the lack of coherent, long-term industrial policy” of the National Party (Fine 1995:4).

Regardless of the underlying motives and the significance of the changes, the evidence shows that liberalization and privatization were a central part of the policies adopted by the National Party towards the end of the apartheid regime. Privatization was pursued at all levels of government – even the position of Minister of Privatization was created in 1988 – but all units and agencies were given considerable discretionary power to pursue the new policy which, added to the resistance from state bureaucracies, resulted in very uneven outcomes (Community Resources and Information Centre 1989).

At the local level, municipalities such as Durban and Johannesburg, as well as BLAs such

as those of Soweto and Alexandra, showed interest in privatization as a way to deal with their increasing woes. However, they ran into difficulties since there was legislation forbidding private management of local services which was not lifted until 1991, and thus we do not find any attempts to privatize water provision until that year (Narsiah 2008). In fact, there were only two cases of privatization of water provision before the ANC's rise to power, in the Eastern Cape cities of Queenstown in 1992 and Stutterheim in 1993. It is true, however, that there were some other instances of short term contracts between private firms and bantustan authorities (Ruiters 2002:43). I will review other privatization cases that took place after the transition below, but it is worth mentioning at this point that there have only been five cases of private concession contracts in the water sector in South Africa.

For a variety of reasons, then, the outgoing regime promoted market-oriented policies. However, since it was evident that the ANC would take over the government after the transition, it was even more relevant at the time to figure out what types of policy the tripartite alliance was going to pursue. Would it reverse the policies of the National Party? The intellectual tradition of the ANC had a strong anti-capitalist orientation. The guiding policy document of the ANC was the Freedom Charter, which had been drafted and adopted in 1955 (African National Congress 1955). Besides endorsing basic civil liberties, the Charter called for the nationalization or public control of industry and the redistribution of land. This suggests a stark opposition to the market-oriented policies promoted by the National Party. This view seemed reinforced when, soon after his release from prison in 1990, Nelson Mandela stated that "nationalization of the mines, banks and monopolies is the policy of the ANC and a change or modification of our views in this

regard is inconceivable” (Mail & Guardian 1990). Yet the negative reaction from the markets and the business community in South Africa and abroad soon led to weaker statements from Mandela, who finally renounced nationalization in a visit to the World Economic Forum in Davos in 1993. This signaled the progressive adoption of market-oriented policies by the ANC in the early 1990s.

This transition has been painstakingly analyzed by observers of South Africa (see, for instance, Gelb 2007b, 2007a; Narsiah 2002; Peet 2002; Smith 2008). Peet (2002) argues that this shift took place due to the influence and pressure of the IMF and the World Bank (which had been courting the ANC as well as the National Party) from outside the country, and from business organizations and the press from within South Africa. This view is shared by Smith (2008), who analyzes in detail how the World Bank, through the offer of technical assistance, gradually managed to influence the ANC since the early 1990s in order to steer it towards market-based policies. Yet the unquestionable presence and influence of the World Bank in South Africa even before the end of apartheid does not necessarily account for the ANC’s move away from a socialistic view of economic policy to a neoliberal one. Narsiah (2002), for example, presents two alternative explanations. The first one argues that the ANC had no other policy options given the precarious situation of the South African economy and the pressure from the markets. The second view claims that it was the power of the neoliberal discourse which forced the ANC to capitulate. This seems to be the approach adopted by Peet (2002), who argues that this hegemonic discourse was advanced by what he calls ‘academic-institutional-media complexes,’ “intimately related, expert- and public-personality-filled organizations” which

produce “policy prescriptions, position papers, press releases, popular columns, commentaries and programs, news bites, expert interviews, and a vast panoply of well-written, illustrated books, reports, and articles” (p.58). In my view, these explanations are not mutually exclusive. Neoliberalism has traditionally been advanced through a combination of discursive and disciplinary techniques by a wide range of actors (the World Bank among them), and there is no reason to believe that the situation in South Africa was any different, even if disciplining by external institutions was weaker in this case because of their lack of leverage.

However, in order to understand this process it is also necessary to pay attention to the nature of the ANC. The ANC is not a coherent party with a clear ideological stance and political platform, but a liberation movement created for and developed by the conditions of the struggle against apartheid. The ANC thus brings together personalities from a wide range of political positions. It certainly includes a significant proportion of individuals with socialistic leanings, but it also has its share of believers in free markets and neoliberal principles. This sort of schizophrenia has marked the internal politics of the ANC and its governing coalition in South Africa in the last two decades, and continues to do so today.³¹ It is thus incorrect to think of the ANC as a socialist organization that sold out to neoliberalism. There have always been internal tensions and battles for supremacy within the ANC, and these have been reflected in its policies and governments. At times, different branches of the ANC government have had different orientations and simultaneously pursued ideologically opposed policies. One example of this, as I will show below, will be in the water sector.

31 The internal opposition to president Thabo Mbeki for being ‘too neoliberal,’ which led to his demise and the subsequent rise to power of Jacob Zuma, is a recent example (see Mail & Guardian 2007; Xundu 2007).

3.3. A New Beginning

3.3.1. *The RDP and the fight for the policy orientation of the ANC*

The experience of the early 1990s, from the time of the legalization of the ANC and the release of its leaders from prison until the ANC coalition came to power in 1994, clearly shows that its leaders had become increasingly convinced of the need to promote foreign investment, establish business confidence, and achieve macroeconomic stability in order to help the struggling national economy to recover (see Gelb 2007a:19). However, this compromise does not mean that there was complete agreement within the ANC on what the policy approach would have to be, or that a wide range of possible policy options was not available within those constraints.

The new government engaged in a process to generate a comprehensive policy framework through consultation called the Reconstruction and Development Programme (RDP). The main thrust of the RDP has been described as ‘Keynesian’ (Adelzadeh 1996), and numerous observers have depicted the program as having a strong social and redistributive component (see, for instance, Narsiah 2002; Niksic 2004; Webster and Adler 1999). The main program document itself states:

The RDP integrates growth, development, reconstruction and redistribution into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services like electricity, water, telecommunications, transport, health, education and training for all our people. This programme will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas. In turn this will lead to an increased output in all sectors of the economy, and by modernising our infrastructure and human resource development, we will also enhance export capacity. (African National Congress 1994)

As we will see below, a common narrative posits that the ANC progressively sidelined the redistributive elements of the RDP and adopted a neoliberal approach based on generating

growth through economic liberalization (see examples in Adelzadeh 1996; Dollery and Snowball 2003; Narsiah 2002). Yet other voices have argued that all the elements that were criticized as neoliberal in subsequent policy shifts were already present in the RDP. Gelb (2007b:2), for instance, claims that the macroeconomic policy section of the RDP is clearly neoliberal.

However, we should not fall into the trap of trying to identify the policy approach of the RDP as a whole. As I mentioned above, there is a wide diversity of views within the ANC. The RDP was a comprehensive document dealing with very different sectors, and the responsibility for drafting it fell on different individuals and camps within the ANC and its allies. Thus whereas the RDP section on macroeconomic policy contains a liberalizing call to “simplify the tariff structure and begin a process of reducing protection in ways that minimise disruption to employment and to sensitive socio-economic areas,” the document also clearly states that “[t]he first priority is to begin to meet the basic needs of people – jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare” (African National Congress 1994).

Given that access to water was established as a priority in the RDP, what did the program’s document propose as the main policy orientation for this sector?

The section on water and sanitation begins by stating that “[t]he fundamental principle of our water resources policy is the right to access clean water.” This shows, from the outset, a radical change in the approach that the government would have to the water sector. Instead of focusing only on water as a resource and the construction of infrastructure, the government stated that it would focus on access to water, and thus on water services, which would be a right

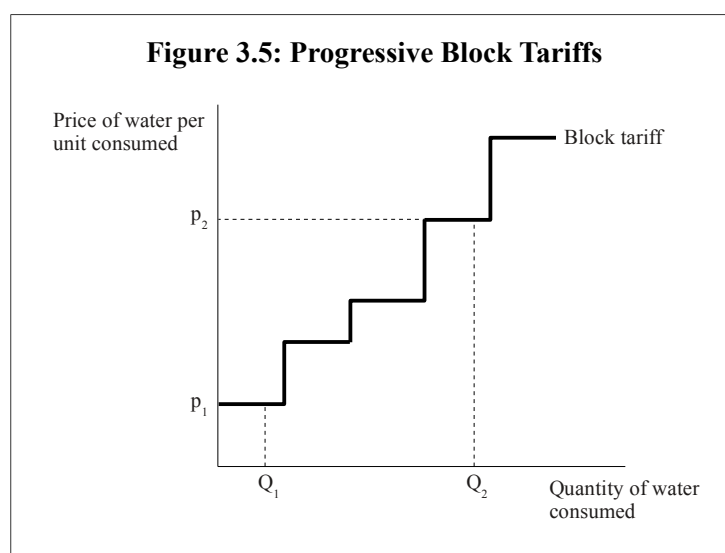
of the citizens. Yet mirroring the structure of the fourth Dublin principle analyzed in chapter 2, the paragraph continues: “The RDP recognises the economic value of water and the environment, and advocates an economically, environmentally and politically sustainable approach to the management of our water resources.” It is very telling that the formulation of the priorities and approaches in water policy follow almost to the letter those that the international water sector had started to promote in the early 1990s, with the juxtaposition of a rights approach to an economic view of water. As I suggested in the previous chapter, the pairing of these two elements is easy to make at the level of principles, but the litmus test of their compatibility comes when specific policies have to be applied. I will analyze South African water policies in detail in subsequent sections, but the RDP already had policy statements that generated controversy. When discussing water tariffs, for instance, the RDP reads:

the national tariff structure must include the following: a *lifeline tariff* to ensure that all South Africans are able to afford water services sufficient for health and hygiene requirements; in urban areas, a *progressive block tariff* to ensure that the long-term costs of supplying large-volume users are met and that there is a cross-subsidy to promote affordability for the poor. (African National Congress 1994, emphasis added)

The concepts ‘lifeline tariff’ and ‘progressive block tariff’ became the object of endless disputes about what they really meant in the late 1990s and 2000s. The notion of a ‘lifeline’ was invoked by social movements to argue that the RDP prioritized access to water over payment, so that if a citizen could not afford to pay for water she should still have access to a lifeline amount of water at no cost. Yet critics of this interpretation remarked that the RDP clearly talks about a *lifeline tariff*, implying that some kind of payment is always necessary. The divide reflects opposing views on water: from the perspective of water as an economic good, a resource that is not paid

for is wasted and cannot be efficiently allocated and managed. From a 'rights' point of view, economic efficiency should not trump people's access to a vital resource when they cannot afford to pay for it. This debate has been at the core of the discussion over water policy in South Africa since the transition to democracy, as we will see below.

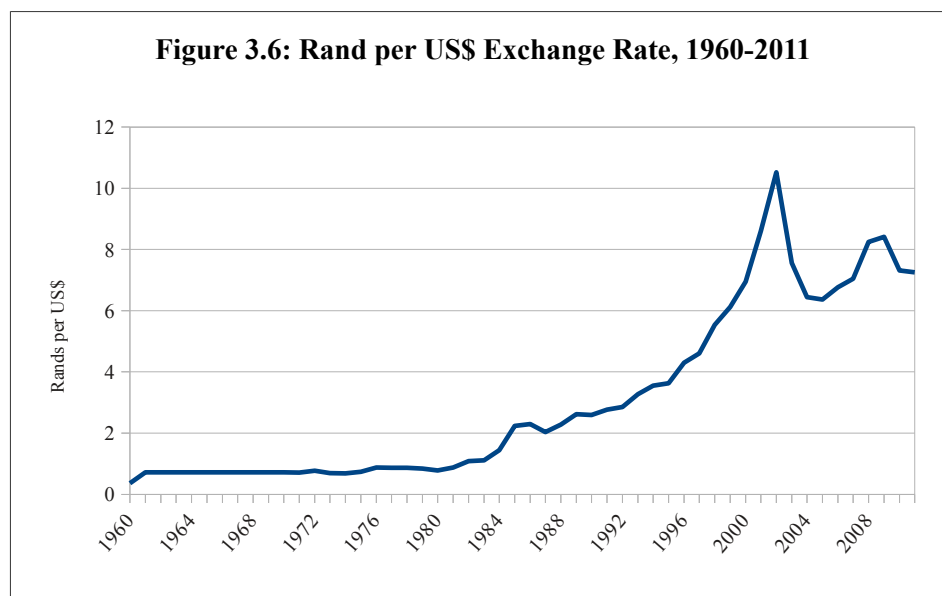
In a similar manner to the idea of a 'lifeline,' *progressive block tariffs* have been seen from the progressive camp as a policy that ensures equity (see, for instance, Bond 1999:55). Progressive block tariffs involve increasing tariffs for unit of water as the volume of water consumed goes up, following the assumption that affluent households and businesses use more water than poor people and thus they should be charged more for each unit of water consumed (see Figure 3.5 for a graphical representation of progressive block tariffs). However, social movements have often complained about the progressiveness of block tariffs in practice in South Africa, since it depends on the height and width of each block and they consider that the schemes adopted are not onerous enough to the wealthy (see McKinley 2006).



I will return below to the debates and conflicts around water policy in South Africa, but at this point it is worth mentioning that, despite the different interpretations that the RDP elicited, part of its significance in regards to the water sector is that it signals a radical shift in the focus of attention of the South African government. Up to 1994, the role of the government was mostly limited to water as a resource, with the goal of ensuring that the infrastructure necessary to capture and deliver water was in place. From the RDP on, people's access to water, even if still managed at the local level, became part of the national debate and the object of direct governmental policy.

3.3.2. The neoliberalization of water policy in South Africa?

Soon after the ANC coalition took power in 1994, the economic situation took a turn for the worse. In 1995, South Africa experienced the first of the three forced currency devaluations that it would suffer before the end of the century, and the government was forced to tackle economic issues in a much more forceful way. The deterioration of the Rand's exchange rate with the US Dollar is illustrated in Figure 3.6. Given an international context that pushed for macroeconomic stability and the liberalization of the economy, the ANC prepared itself to make them the main priority of its governing action. As I mentioned above, some observers argue that this orientation was already present in the RDP of 1994 (see Adelzadeh and Padayachee 1994). However, the new emphasis became widely evident with the adoption of a new policy program called Growth, Employment and Redistribution (GEAR) in 1996.



Elaborated by author with data from Officer 2011

In contrast to the RDP, GEAR was not the product of a long process of consultation and elaboration. It was put forward by the government as a necessary quick change in direction given the vagaries of the economy. Even if some analysts argue that all of GEAR's policies were already present in some form in the RDP, it did visibly make those policies the main priority of the government. Whereas in the RDP social issues and redistribution were at the very center of the approach, in GEAR they were sidelined (Webster and Adler 1999:367). Redistribution thus seemed to be embraced only in the sense that it was expected to be a consequence of economic growth, which led to numerous accusations that the new strategy was underpinned by the notion of 'trickle down' and hence was a neoliberal departure from the focus on redressing inequalities of the RDP (Adelzadeh 1996:67). Years later, the country's finance minister, Trevor Manuel, was still publicly responding to attacks on GEAR, as a piece he published in 2007 in the Times

newspaper titled “GEAR definitely not a capitalist plot” testifies, and in which he argued, once again, that GEAR “builds on the RDP” (Manuel 2007).

Critics of the government argue that the shift towards a neoliberal approach in economic policy in the mid-1990s can also be found in water policy. The renamed Department of Water Affairs and Forestry (DWAF), under the new minister Kader Asmal, took over the task of redressing the backlog of access to water and sanitation existing in the country, which was estimated in 12 million people without clean drinking water and 21 million without adequate sanitation (African National Congress 1994). At the same time that the government was struggling to expand water delivery infrastructure to previously unserved areas, the DWAF set in motion a participatory process that was to last three years in order to gather input for the drafting of a new water law. While these actions progressed slowly, the government took a quick measure regarding the payment for water services that became extremely controversial.

As I mentioned above, during the 1980s the apartheid government made some basic investments in public services for the townships. Later on, after the Black Local Authorities were set up, the rent boycotts started and the authorities ended up abandoning any hope of raising revenue from water tariffs in the townships. This implied that many people did not pay for public services under apartheid. After the transition, the expectation was that the new government would focus on social issues and on redressing past injustices, yet the ANC immediately made a call to the citizenry to start paying their water tariffs in full.

This call was realized through a full-blown R20 million (US\$72.6 million) public relations campaign called Operation Masakhane (which means ‘let us build together’) in 1995.

The goal of the operation was to overcome the ‘culture of non-payment’ that had become prominent during the last years of apartheid by convincing South Africans that they had to pay for water services. In order to carry out this task, the government hired an international public relations firm and enlisted highly popular personalities, such as Bishop Desmond Tutu, to deliver the message (Bond 2000:102-4).

The rationale for asking citizens to pay for water was that this was an unavoidable necessity for the viability of municipal finances, as it was thought that they would be in serious danger in many locations if revenue from tariffs was not received by mid-1996 (Davis 1995). However, Operation Masakhane was “a spectacular failure” (von Schnitzler 2008:907). Bond (2000) claims that in some of Johannesburg’s townships payment rates were as low as 5 percent, and that “in most townships the millions of rands spent on publicity coincided with a 15 per cent drop in rate payments” (p.108). Several reasons have been advanced for such a failure. One points not at people’s unwillingness to pay, but to problems with the capacity of local governments to process payments. Davis (1995), for instance, describes how some Masakhane officials claimed to have managed to convince citizens to pay their public service bills, “only to have their goodwill blunted on finding paypoints no longer operating, billing systems in chaos and officials disinterested.” Edmunds (1996) reports that the ANC leadership attributed Operation Masakhane’s failure to how it was conceived, managed and communicated, and planned to give it a new spin in 1996. The emphasis in this second phase was to be put not so much on payment but on civil responsibility, and it was also planned to give it more of a local focus. The evidence, however, shows that none of these measures worked and that the levels of

payment for water tariffs in the townships remained very low.

In my interviews with activists in South Africa, I was given a range of opinions regarding the issue of payment for water, but a not uncommon view was that expressed by one of the organizers of the Coalition Against Water Privatisation (CAWP), Patra Sindane. Sindane clearly articulated to me the feeling that after decades of being abused and robbed, it was time for the people of South Africa to be paid back, and thus water provision costs should now be borne by those who had previously benefited from the unequal arrangements of apartheid (Patra Sindane interview). The political and economic history of South Africa thus played a key role in determining popular perceptions and attitudes regarding payment of water rates which cannot be extrapolated to other environments. Yet the effective outcome was that, in South Africa, payment remained at low levels, and this explains subsequent, more forceful measures to encourage payment such as service cut-offs and the installation of prepaid meters, which I will review below.

The point that needs to be emphasized, however, is that whether because it thought that no other options were available, or because it considered that this was the best way forward, the government asked people who had been oppressed for decades to start paying for (very low quality) services that they had been getting for free. Although payment for public services is a common practice in most of the world, the South African reality made the conversation not about *how much* water should cost, but about whether people should *pay at all*. In the South African context, paying for water had wide-ranging implications about what the relationship between the state and the citizenry would be in the new era. In discussing Operation Masakhane, von

Schnitzler (2008:907) writes:

Central to this process was the constitution of citizens as fiscal subjects overlaying the dominant rights-based discourse of the anti-apartheid movement, allied to a quest to ‘normalise’ the fiscal relationship between the state and its citizens in the aftermath of apartheid. The act of payment, and thus of *recognizing* one’s obligation to the state, came to be seen as a prerequisite for inclusion within the new political community. (emphasis in the original)

Von Schnitzler’s pitting of the ‘rights’ approach of the anti-apartheid movement against the focus on ‘payment’ of the ruling ANC implicitly assumes that the government had a choice between the two. It also implies that, in the South African context, these two approaches were at least partially incompatible. Did the government have other alternatives?

In my interviews with former policymakers and managers in the South African water sector, a recurring statement was that people don’t understand that water is not free, that bringing it to their taps is very expensive and somebody needs to pay for that (Barry Jackson interview). Barbara Schreiner, a consultant and former Deputy Director General of the DWAF, expressed frustration to me about people’s unwillingness to pay for water because she argued that most people do have the financial capacity to pay. In a vivid illustration of her point, she claimed that everyone in the townships has a cellphone, yet they don’t want to pay a fraction of what a cellphone plan costs for water (Barbara Schreiner interview). Anthony Still, the former Executive Director of Johannesburg Water, the public corporation in charge of water provision for the city, shared Schreiner’s opinion and blamed the problems on the “habit of non-payment” and on people’s selfishness (Anthony Still interview).

The most interesting aspect of these and other statements from policymakers and water managers in South Africa is that they all assumed that payment by users was the only option they

had, and they justified this by appealing to common sense and to the requirements of the practical provision of water. Most of these managers and policymakers were ANC members who fought against apartheid and who were committed to providing water to the hitherto excluded population. Yet when they found themselves in the position of having to manage a water utility or make policy for the water sector, they had to find the revenue necessary to guarantee the continual operation of their institutions, and this revenue, they concluded, could only come from tariffs. I will review below how these managers tried to address inequalities and serve the poor, but at this point I just want to emphasize once more the radical change that the policy of making people pay for water implied for the inhabitants of the townships, as well as how policymakers and managers rationalized this decision as the only viable one.

There are other observers, however, who see the hand of the World Bank behind the decision to make people pay for water. Activist and researcher Patrick Bond cites as evidence a statement by John Roome, a World Bank official who claimed that one of his presentations had been instrumental in changing South Africa's approach to water. The presentation Roome was referring to was given to the DWAF in October of 1995, and in it he made the case for a management of water that does not include subsidies, in which water should be paid for, and in which there should be a credible threat of disconnection for non-payment. For Bond, this was just one example of the way in which the World Bank, since 1991, had been steering the ANC towards its view of water management until it "won the hearts and minds of even the more left-leaning South African politicians," among which he cites the first Minister of Water and Forestry, Kader Asmal (Bond 2000:171).

Mike Muller, the DWAF's Director-General between 1997 and 2005, argues that Roome's presentation referred only to water as a resource and had nothing to do with water services to the population (Mike Muller interview). In chapters 1 and 2 I referred to the complications that the common conflation of water services and water as a resource has brought to the sector in the last few decades, and Muller claims that this is another example of the same problem. In fact, Muller argues that the decision to make the population pay for water had been taken years before, in 1992, and thus it cannot be attributed to what critics refer to as the neoliberal turn of the ANC marked by the adoption of the GEAR program in 1996. Muller adds that in 1992 the interests of the elite were not yet formed, and thus the decision to make people pay for water was pragmatic and not influenced by any specific group (Mike Muller interview).

It is difficult to establish with certainty the degree to which foreign actors and ideas were influential in determining the policy orientation of the ANC, but there is evidence that, in the water sector, international experience was reviewed and taken into account. The DWAF produced two white papers dealing with water in the first few years after the transition. In 1994, it released the Water Supply and Sanitation Policy White Paper, and in 1997 the White Paper on a National Water Policy for South Africa was made public. Both of them include a section in which they review international experience and consider what the water sector as a whole has learned from it: "Valuable experience in approaches to attain sustainable development has been gained, much of it systematised in the proceedings of several world conferences" (Department of Water Affairs and Forestry 1994:7). Among these conferences, the white papers cite the 1977 Mar del Plata UN Water Conference, the 1992 Dublin Conference, and the first World Water

Forum that took place in Marrakech in 1997, all of which I explored in chapter 2. This signals that water policymakers in South Africa were not only clearly aware of the developments of the international water sector – and notice that they do not refer to specific institutions such as the World Bank, but to the sector as a whole – but that they also saw the ideas presented in global gatherings as lessons collectively learned that had to be internalized in making domestic policy.

The 1994 White Paper, for instance, explicitly states: “South Africa can benefit from many lessons learned internationally in the field of community water supply and sanitation services which has been a matter for growing world concern since the 1960s” (Department of Water Affairs and Forestry 1994:6). In addressing the issue of cost recovery, the same White Paper learns from international experience that the “policies in the water supply sector worldwide were dominated by a view that is now recognised as outdated,” and that it is currently generally accepted that people have to pay for water services:

An insistence that disadvantaged people should pay for improved water services may seem harsh but the evidence indicates that the worst possible approach is to regard poor people as having no resources. ... Promises of free services for all have, in practice, usually resulted in some service for a few and little or none for most. (Department of Water Affairs and Forestry 1994:7)

The 1997 White Paper claims that “[t]here is also growing recognition that greater emphasis must be placed on the management of demand for *water as an economic good* to make sure that water use is as efficient as possible, both in terms of the quantities of water used and the impacts on water quality,” even if “[t]hese [international water] meetings began with a clear focus on meeting the needs for services of the unserved” (Department of Water Affairs and Forestry 1997:17, emphasis added).

It seems clear that, despite the evidence of little direct influence of the World Bank or other international institutions, water policymakers in South Africa were acutely aware of the global shift towards managing water as an economic good and that this was generally seen as the best way to ensure water access for the population.

It is clear, then, that by drawing on international experience and through direct relationships with international actors, the ANC decided that the right course was to make people pay for water access. However, although many commentators saw this as the outcome of the neoliberal turn of the ANC signaled by the adoption of GEAR in 1997, Mike Muller, the former DWAF Director-General, argues that, if anything, water policy in South Africa from 1992 onwards moved *to the left* (Mike Muller interview). Did water policy become more egalitarian in democratic South Africa? Let's explore the specific laws and policies that were implemented in the second half of the 1990s in order to assess Muller's claim.

3.3.3. The Constitution and the human right to water

Around the time that GEAR came into being and critics were accusing the ANC of sliding towards neoliberalism, South Africa adopted a new Constitution which was strongly social in character and used the language of rights extensively.

In particular, the Constitution included, in its second chapter, a Bill of Rights which, besides basic civil and political liberties, covers areas such as the environment, housing, health care and education. In its Section 28, the Constitution reads: "Everyone has the right to have access to ... sufficient food and water" (Constitutional Assembly 2011). We see, then, that just as the government was launching Operation Masakhane to convince the population to pay their

water bills, the cardinal legal document in South Africa was being drafted including access to water as a right, a very strong formulation that can only be found nowadays in a handful of countries in the world – and which did not exist anywhere else at the time.³² Of course, the mere recognition of access to water as a right in the Constitution raises many questions about what the state's obligations are and how such a right will be guaranteed, and the answers to these questions can lead to very different understandings of what the right implies in practice. As we will see below, many of the conflicts in water provision that took place in South Africa in the 2000s derive from differing interpretations of this constitutional clause. But the relevant issue to point out now is that South Africa made an explicit commitment to ensure water access to its citizens in the Constitution, and that this took place in the context of making poor people who had not done so before pay for water.

What explains the simultaneous pursuit of these two seemingly conflicting approaches? The answer can be found in the rationale identified above, namely, that at a high level of generality, and far away from the intricacies of implementation, there is no logical incompatibility between the economic and the rights-based approaches to water. As the Dublin Statement argues, it is actually possible to see the economic view of water as the best way to ensure people's right to water. We will see shortly the extent to which this assumption holds when considering the specific policies adopted in South Africa.

It is also worth mentioning that the rights enshrined in the Constitution are not absolute, but include limits. The same Section 27 of the Bill of Rights establishes: "The state must take

³² See Langford et al. 2003 for a thorough review of national and international legislation that includes or implies a right to water.

reasonable legislative and other measures, within its available resources, to achieve the *progressive realisation* of each of these rights” (Constitutional Assembly 2011, emphasis added).

These two elements – reasonable measures and progressive realization – have become the cornerstone of the disputes around the role of the state in the water sector in the 2000s. What can be considered a reasonable measure? When can it be said that the state is not performing its obligations? And if the realization of the right has to be progressive and dependent on national resources, how long is it acceptable for the state to take to guarantee that right? There are no clear-cut answers to these questions, but we will see below how the courts responded to some of them in a few important cases in South Africa.

3.3.4. The National Water Act and the Water Services Act

As mentioned above, one of the tasks that the DWAF took on in the first few years of ANC rule consisted in the reformulation of all water legislation in order to adapt it to the new times. By the end of apartheid, the existing water law was the Water Act of 1956, which focused almost exclusively on water as a resource. That law was based on the riparian principle of access to water, even if it gave the state a wide range of competences in order to ensure the availability of water for all sectors of national interest.

The first novelty of the new era, in accordance with the government’s goal of guaranteeing people’s access to water, was the decision to draft two different laws. The National Water Act, adopted in 1998, provided the general framework and dealt mainly with water as a resource, whereas the Water Services Act of 1997, as its name indicates, focused on water services and their provision, which had never been legislated at the national level before.

Each of these laws contain elements worth mentioning. The National Water Act is considered a very modern piece of legislation. In fact, the country's first water minister, the late Kader Asmal, considered this law his most important contribution to the new South Africa and a legacy he was tremendously proud of (Kader Asmal interview). There are three elements that make the National Water Act noteworthy. First, it makes the South African state the custodian of all waters, which collectively belong to the South African people. Thus, all private uses of water take place under a license from the state, and they are subject to their compatibility with the national interest. Second, the National Water Act establishes an order of priorities for the allocation of water to different sectors. In an unprecedented environmental move, the highest priority is given to the so-called 'ecological reserve,' which consists of the amount of water necessary for the maintenance and reproduction of natural ecosystems. The next level of priority is assigned to water for human consumption, and only after the country's environmental and human needs have been fulfilled can water be devoted to economic uses. Finally, the National Water Act also sets high standards of participation for the management of water resources in South Africa. For instance, it regulates the establishment of Water User Associations, which "are in effect co-operative associations of individual water users who wish to undertake water-related activities for their mutual benefit" and which operate at the local level (Parliament of the Republic of South Africa 1998:98).

The main goal of the Water Services Act is the provision of water and sanitation in order to ensure that the right to these services established in the Constitution is fulfilled. The Act does not go into any detail about the specific modes of operation or management that need to be used,

yet it does contain some provisions that clearly set the general approach that the administration can take. For instance, when determining the conditions under which water and sanitation services should be provided, the Act explicitly addresses how water tariffs should be determined and structured, thus instantiating in national law the decision to make the population pay for water services.

The Act also establishes ‘procedures for the limitation or discontinuation of water services,’ which means that service disconnection for non-payment was also legalized. The law determines, however, that such procedures must “be fair and equitable” and “not result in a person being denied access to basic water services for non-payment, where that person proves, to the satisfaction of the relevant water services authority that he or she is unable to pay for basic services” (Parliament of the Republic of South Africa 1997:12). There is, then, a guarantee that people will not be denied service if they cannot pay. We will see below how this clause was implemented and the consequences that it had in practice.

Another key aspect of the Water Services Act has to do with the organization of water delivery. It establishes the creation of Water Service Authorities at the local or quasi local level – most often these authorities ended up being municipalities – who would be in charge of water delivery for their geographical area. However, the Act also sets up a distinction between Water Service Authorities and Water Service Providers, who are the direct providers of services. An Authority can at the same time be a Provider, but that does not necessarily need to be the case. The Authority can also outsource water delivery to another institution, which will then be the Water Service Provider for that area. In those cases, the Water Service Authority is still the

ultimate authority responsible for water services and has the obligation to monitor the work of the Provider and ensure the fulfillment of the right to water and sanitation.

The Act is open about what kind of actor can be a Water Service Provider. It can be a water board (the semi-public institutions that deliver bulk water to the Authorities), another Water Service Authority, or a private company. The Water Services Act, then, opens the door to the private operation of water services. It is necessary to point out, however, that the Water Services Act explicitly states that an Authority can outsource water provision to a private actor only “after it has considered all known public sector water services providers which are willing and able to perform the relevant functions” (Parliament of the Republic of South Africa 1997:24). This implies that the private operation of water services should only be a last resort option when there is no public alternative.

This brief review of the main aspects of the new water legislation in South Africa presents a complex reality. On the one hand, there is a clear emphasis on ensuring the access to water of the population, to the point that this is guaranteed as a right in the Constitution. On the other hand, the adoption of the view of water as an economic good brings about what many see as a regression from a situation in which the destitute did not pay for water services. This apparent contradiction is justified in South Africa in exactly the same terms as it was put in the Dublin Statement of 1992: water as an economic good is the best way to guarantee water access, since it ensures a sustainable and efficient operation. After all, somebody has to pay for water. Yet, as I have expressed several times already, the validity of this argument cannot be assessed without seeing the empirical implications for water access of the specific policies adopted. In

order to advance towards this kind of analysis, I will now move from a focus on payment to an exploration of privatization.

3.3.5. Decentralization and privatization

In chapter 2 I argued that the general view of water as an economic good is translated by the global water regime into the policies of full-cost recovery and private sector participation. I have also reviewed above how, at the end of apartheid, the National Party pursued an aggressive process of privatization which ended up with the first concessions to private firms in the water sector, which took place in Queenstown (1992) and Stutterheim (1993). What was the position of the ANC with regards to privatization of public services, and particularly of water provision?

Very early on, in 1994, the DWAF released its Water Supply and Sanitation White Paper, which presented the main lines that the new water policy in the country would follow. I have discussed above how this document explicitly reviews international water policies, but a little further on it also deals with the issue of privatization:

There is great interest internationally in the involvement of the private sector in service provision ... The Department will consider proposals for the private sector to provide services where these may be in the public interest and where this approach is supported by the community concerned. Given the challenges facing the sector in the development of financially self-sufficient, consumer orientated services, there would appear to be particular opportunities for innovative partnerships in these areas. (Department of Water Affairs and Forestry 1994)

We see, then, that despite the language in the Water Services Act stating that privatization should only be a last resort option, the DWAF was considering this policy from the outset.

The embrace of privatization, however, was not limited to the water sector. Yet before we can tackle the general approach to privatization in South Africa, we need to take a brief detour to

explore the issues of decentralization and the state of local governments. Besides dealing with privatization, the Water Services Act determines that the provision of water services should be decentralized, a form of delivery that was also adopted for other public services. This shift required the existence of well-functioning and capable local authorities, which was most certainly not the case at the end of apartheid.³³ For that reason, part of the process of transition to democracy involved the creation of a capable system of local governance that would be able to play a central role in the fulfillment of the social and economic rights enshrined in the Constitution. The architects of this vision were aware that such a transformation would take time, and thus they planned a process that would develop progressively from 1994 to 2000.

During this period, several pieces of legislation such as the Local Government Transition Act (1993), the White Paper on Local Government (1998), the Municipal Structures Act (1998), and the Municipal Services Act (2000) were produced in order bring the new system to fruition. The existing 843 municipalities were consolidated into 284, which were in turn classified in three categories based on their size. Each category would be expected to provide a different set of services, raise revenue through different mechanisms, and receive different amounts as transfers from the central government. The process was to result in the first municipal elections, which were planned to be held in 2000 (Van Rensburg and Naudé 2007).

Decentralization has become one of the pillars of development practice since the 1990s, and it is generally seen in a positive light from both ends of the political spectrum. From a progressive perspective, decentralization facilitates popular participation and increases the level

³³ I have discussed the failure of the Black Local Authorities and the problems of corruption in the townships in section 3.3.2 above.

of accountability since citizens are closer to local officials than to the national government. From a market-oriented (or neoliberal) perspective, decentralization is also valued because it implies a move away from central governments and top-down approaches, which it generally distrusts. From this point of view, decentralization implies a move towards individualization and marketization. Given the critiques directed to the ANC for embracing neoliberal policies, how did the process of decentralization play out and how was it received in South Africa? And, more specifically, how did it affect water policy and privatization?

A number of South African activists have expressed dissatisfaction with the process of decentralization (Bond and Dugard 2008a). Their argument is that the transfer of competences and responsibilities to local governments was not accompanied by the corresponding transfer of funds required to perform those functions, thus generating what is usually known as an ‘unfunded mandate’ (see also Beall, Crankshaw, and Parnell 2000; Mehta and Ntshona 2004; Van Rensburg and Naudé 2007). In fact, considered in real terms (i.e. taking inflation into account) intergovernmental grants to local government (which, it needs to be said, are not the only type of intergovernmental transfers) decreased 85 percent between 1992 and 1998.³⁴ Activists argue that this is neoliberal policy because, in practice, it reduces government provided services to the population. Moreover, it leaves municipal authorities no option to raise revenue other than service tariffs. Another regressive aspect of this policy is also clear: wealthy municipalities – which in South Africa coincide with those in which the capitalist white economy is more developed – can collect enough resources through taxation to ensure relatively high levels of service to their citizens. However, poorer municipalities, inhabited mostly by non-white citizens

34 Calculated by author from data in Table 2-3 in Financial and Fiscal Commission 1997:19.

with few resources and weak economic activity, cannot possibly afford the provision of quality services, thus reproducing the same inequalities and exclusions that the use of rights in the Constitution attempts to overcome (John Briscoe interview). This is why Bond and Dugard (2008:3) refer to the resulting situation in the water sector as “water apartheid.”

Connected to the shortage of financial resources available to municipalities is the issue of their capacity. The level of managerial and technical capacity of a municipality certainly depends on the amount of funds it has available to pay for skilled labor, which as we just saw was decreasing. Yet the nature of apartheid and of the transition in South Africa generated another layer of difficulties. During apartheid, only white people had access to the kind of education necessary to develop expertise in service delivery, and they operated mostly in white areas. After 1994, the need to redress past inequalities and to bring decentralized public services of at least acceptable quality to all the population meant that the need for expertise increased considerably. At the same time, with the rise of the ANC and its allies to power, there was a generalized drive to replace white local public servants with members of the excluded majority. Although justifiable on many grounds, this process implied the loss of trained and experienced workers, who in many cases were replaced by individuals with considerably lower skill levels. The outcome of this process was a reduction in the ability to deliver public services precisely at the time when these had to be widely expanded (Dollery and Snowball 2003).

Another factor that contributed to the loss of capacity in the local public sector came from the dramatic increase in criminality that South Africa experienced after the end of apartheid.³⁵

³⁵ From 1995 to 2000, the number of total recorded crimes per year in South Africa increased by 40 percent, from 2,056,569 to 3,422,743. If we look at the ratio of crimes per 100,000 inhabitants, then the increase in the same period is of 34 percent, from 5,257 to 7,997 (data from United Nations Office on Drugs and Crime 2012).

This generated such high levels of insecurity that many people, particularly those who were highly skilled and whose abilities were marketable, decided to migrate abroad. It is estimated that, from 1995 to 2009, out of 4 million white people in South Africa at least 800,000 left the country (Johnson 2009).

In this context, one of the actions that the South African government pursued in order to address the lack of capacity and strengthen local governments was the help of the private sector. A new institution called the Municipal Infrastructure Investment Unit (MIIU) was created in 1998 precisely to study areas in which privatization or public-private partnerships could be implemented, as well as to help bring them to fruition. The MIIU was the joint initiative of South Africa's Treasury Department, the United States Agency for International Development (USAID), which provided the funding, and the World Bank (Brown and Horton 2006).

Thus we find another apparent contradiction in the policies pursued by the ANC. At the same time that the parliament adopted a Water Services Act in which privatization, although legalized, could only be adopted after all public options had failed, a different branch of the government was actively pursuing privatization through the MIIU.

Given that the privatization of water provision was being considered since 1994 and that the MIIU was promoting it, to what extent were water services in South Africa privatized? As I advanced above, there have only been five cases of concession contracts for water provision in the country. Two of them, in Queenstown in 1992 and Stutterheim in 1993, took place before the rise to power of the ANC coalition. A third, undertaken in Fort Beaufort in 1995, also started before the new water legislation and the decentralization process were underway. All three towns

are located in the Eastern Cape province, and also in all three cases the private firm which obtained the concessions was Water and Sanitation Services South Africa (WSSA), previously called Aqua-Gold. The other two privatizations took place in 1999 in the Dolphin Coast (in KwaZulu-Natal, north of Durban), where the French multinational Saur was awarded the concession, and in Nelspruit (Mpumalanga), where the concessionaire was the British firm Biwater (Smith 2008:245).³⁶

The story of WSSA is illustrative of the role of the private sector in water services in South Africa and illuminates the process of water policy formation in the country. WSSA was founded in 1986 as a French-South African company related to the French multinational Suez (one of the largest water companies in the world). WSSA offered its services to different local authorities in South Africa at the end of apartheid, particularly in the bantustans, and it courted both the apartheid government and the ANC in order to promote its services. Thus WSSA managed to obtain concessions (officially called ‘delegated management contracts’) in the three towns mentioned above around the time of the transition. Ruiters (2002:42-3) quotes the following text from WSSA’s annual report in 1996: “Whilst these are early days in winning their acceptance, we now have the support of the government. We helped draw guidelines on private-sector management of water and sanitation services and are now helping with a regulatory framework.” This could certainly be just boasting on the part of the firm, but it clearly shows that WSSA actively lobbied government officials at various levels in order to be awarded concession contracts. WSSA’s lobbying activities were not limited to the government but included other powerful stakeholders, such as public sector unions:

³⁶ In both cases, the foreign multinational was awarded the concession in partnership with a South African firm.

WSSA has also been extremely active in promoting the concept of delegated management to municipal officials around the country, holding regular seminars in different centres on how delegated management can work with water concession projects. It has also made an effort to win the approval and support of the unions involved in the municipal sector, such as the South African Municipal Workers' Union (SAMWU), although the latter has been fiercely resistant. (Ruiters 2002:43)

The pressure to privatize, however, did not come only from WSSA. A Financial Mail article from April of 1996 reports the visit to South Africa of the French Finance and Trade Minister, Yves Galland, who was accompanied by 31 businessmen: "The French have high hopes of gaining contracts in the field of running public utility companies. A Franco-SA committee has been established on the subject, to explore co-operation between the two countries" (Financial Mail 1996b). In the same trip, the French delegation made a commitment to increase its aid to South Africa. One of the 31 businessmen who accompanied the Minister was Jean-Claude Lambert, Suez's executive director, who according to the article declared that his firm hoped "to be granted water supply concessions in SA's main cities" (Financial Mail 1996b).

The evidence presented so far, then, shows that there were branches of the South African government promoting the participation of the private sector in the delivery of water services, that private firms themselves were actively lobbying towards the same goal, and that foreign governments (France and the US) and international institutions (such as the World Bank) were all, through persuasion or technical cooperation, also pushing forward the cause of privatization.

But how were all these initiatives resonating in South Africa? Some articles published in the Financial Mail, the main business and economics weekly magazine in the country, are particularly revealing in this respect. In September of 1995, a piece titled "A First Step on the

High Road” criticized the opposition to privatization on principle by affirming that “[i]deological rigidity must be discarded in favour of bold and flexible pragmatism” (Financial Mail 1995). In February of 1996, another article titled “Counting the Blessings!” also began with a colorful statement: “Is privatisation the new Prozac? It’s trendy, the whole world’s trying it, it’s touted as the miracle cure for economies on the edge. And it works” (Financial Mail 1996a). A little later, in August of 1996, Brian Cantor, a professor of economics at the University of Cape Town, wrote in another article: “Private ownership of resources which can be sold or hired is a proven – so far the only proven – way to improve the standard of living for most citizens” (Cantor 1996). A couple of years later, in December of 1998, the Financial Mail claimed that despite its initial stark opposition to privatization, the country’s main federation of unions, the Congress of South African Trade Unions (COSATU), had finally agreed that the strategy was necessary: “it is understood that COSATU has accepted the broad terms of the partnership framework” (Honey 1998). In specific reference to the Nelspruit water privatization agreement that had just been reached at that point, the same article claimed that “[t]he Nelspruit deal, in particular, is regarded by government as the pioneering blueprint for a broad privatisation framework which could be applied not only to municipal services, but to partnerships with the private sector at other levels of government.” The author continued: “Scores of other municipalities have already indicated a keenness to join the partnership bandwagon” (Honey 1998).

These examples show that privatization was not only strongly pushed by a diverse set of powerful actors in South Africa, but that it was also seen and presented generally in society as a magical solution that would solve the serious problems that the country was experiencing. It was

the pragmatic, ideology-free recipe based on the best economic and technical knowledge available at the time. It was so powerful that, in the end, not even the trade unions could resist its advance. In case that was not enough, “[t]he South African government spends millions of rands every year on workshops and consultants that tell municipal politicians and bureaucrats how to develop public-private partnerships” (McDonald and Ruiters 2005a). Moreover, Smith (2008) argues that the ‘technocratic managerialism’ through which privatization and other neoliberal policies are presented has particular appeal for overwhelmed and underskilled local authorities: “technical expertise, handed down from professional bodies, academics, consultants and best articulated through the voice of engineers, carries clout because it can deliver services ‘efficiently’ and ‘effectively’” (Smith 2008:246).

But, if all this is true, how is it possible that only five municipalities in all of South Africa ended up privatizing their water services? There are two main reasons that explain this outcome. The first one is terminological. These five instances of privatization refer only to long-term concession contracts. Yet in many municipalities where water provision remained in public hands a number of tasks were outsourced to the private sector, such as metering and billing, repairs, or customer service. Pape and McDonald (2002:6) put it eloquently: “for every instance where privatisation and outsourcing were contested, there were dozens of incidents where functions were quietly outsourced – subtly moving the municipality farther along the road to business mode.” Moreover, the DWAF also used the private sector extensively for water delivery in rural areas through what is usually known as Build, Operate, Train, and Transfer (BOTT) programs which, as its name indicates, are only supposed to remain private until the local authorities are

capable of taking over the operation of the utility (Greenberg 2005). As the then Minister of Water Kader Asmal argued in 1997: “the technical capacity of the private sector can be tapped in a variety of ways without jeopardising public ownership or social infrastructure” (quoted in Greenberg 2005:209). The second reason for seeing only five private concessions lies in the negative outcomes that they produced. These consequences triggered intense popular protests, which in turn made the pursuit of long-term concession contracts very difficult. I will explore the outcomes of privatization in section 3.4 below, but it is important to point out that the participation of the private sector in the water domain continued to take place in South Africa in other forms, as the case of Johannesburg shows.

3.3.6. Water delivery in Johannesburg, ring-fencing and the commodification of water

The case of water delivery in Johannesburg is a fascinating topic of study because it provides a self-contained example of how all the major debates around urban water provision in South Africa played out. In order to understand how water is managed in the wealthiest city in Africa, however, we first need to explore the process of reorganization of the municipality of Johannesburg that took place in the late 1990s.

Until the mid-1990s, the local governance of Johannesburg was extremely dysfunctional. In a first reform effort after the end of apartheid, the city’s government was divided among five councils which operated at two different levels. One of the councils overlooked the entire metro area, while the other four were in charge of different geographical zones within the wider city (Smith 2006:7). As I mentioned above, after the ANC gained power local governments were supposed to start playing a larger role in the delivery of public services, yet they did not receive

the funds necessary to perform those functions. The budgeting process in Johannesburg established that budgets had to be balanced collectively for the five councils instead of for each one of them individually. This had the negative consequence of relaxing the managers' attitudes towards spending because they thought that budget balancing concerns could be left to later discussions among the different councils. The combination of these factors resulted in an alarming increase in spending. This trend was only worsened by the continuing low percentage of service tariffs paid by the population, to which we have to add the refusal to pay property taxes by the wealthy in retaliation to their perception that nobody was paying for public services. On top of all this, the two tier system of governance led to miscommunication and maladjustments in the provision of services. For instance, the metropolitan council was in charge of buying water and electricity from bulk providers, but the distribution and the responsibility to raise the funds to pay for those resources rested on the lower-tier municipalities. The result was that large sums of money were being spent without any knowledge of how much revenue was being collected. The outcome of all these problems was that, in July of 1997, the state's bulk electricity provider handed the metropolitan council a bill for R300 million which it could not pay (City of Johannesburg 2006:26-7).

This was the wake-up call that pushed the authorities to do something about the structural deficiencies in the governance of the city. In order to pay the bills in the short run, the Development Bank of Southern Africa (DBSA) provided a loan, and as a condition it required that provincial authorities take charge of the management of Johannesburg. A task force was then convened that decided to slash metropolitan spending to the point that, in two years, the

combined budget of the five councils was reduced by over 74 percent (from R1.5 billion to R383 million). Yet the task force also recognized that a durable long-term solution had to be found, and thus set in motion a process to restructure Johannesburg's local government (City of Johannesburg 2006:27).

The first decision, following the government's White Paper on Local Government (1998), which was heavily influenced by what had happened in Johannesburg, was to establish that the six major metropolitan areas in the country would be governed by a single-tier metropolitan government. This 'unicity', as it came to be known, was legalized in the Municipal Structures Act of 1998 (City of Johannesburg 2006:27).

The next step was to draft a specific plan for the new structure of the unicity, for which the consultancy firm PriceWaterhouseCoopers (PWC) was hired. The consultants put together a report in which they proposed that, in the new structure, the

key feature would be a split between operational activities and policy determination. On the one hand, PWC suggested, Johannesburg local government should have a 'client' that defined policy direction, set service standards and monitored compliance with performance requirements. On the other hand, free from direct day-to-day 'interference', should be a set of 'contractors' each dedicated to performing a particular service operation, and accountable to the core for their performance. (City of Johannesburg 2006:27)

A new city manager, Ketso Gordhan, was hired for two years to supervise this structural change. Several models were available for the implementation of the separation between policy and operation proposed by PWC. According to Smith (2006:8), many consultants were brought to Johannesburg to present the different options, including World Bank officials who pushed for using the private sector through concession contracts. In the end, this option was rejected by the

city's politicians out of fear of the possible consequences if there were problems with any of the concessionaires. The alternative finally adopted was the 'corporatization' of Johannesburg's public services, the main lines of which Gordhan laid out in a document called iGoli 2002.³⁷

The corporatization model, through which the City of Johannesburg (CoJ) would achieve the separation between strategy and implementation yet retain a certain degree of control of the provision of public services, involved creating a series of independent corporations that would be in charge of delivering those services. These contractors would be fully owned by the municipality, and thus even if they were to be run like separate businesses they would remain under the full control and tutelage of the CoJ. This plan was executed in just two years, and by the end of 2000 the city's public services had all been spun-off to these independent institutions (Marin, Mas, and Palmer 2009:8).

As far as water provision is concerned, the administration of the service in Johannesburg before iGoli 2002 was divided among six different entities. All of these were combined into a single firm, Johannesburg Water (JW), which was put in charge of serving the entire city and began operating in January of 2001 (Marin 2009:101).

The relationship between Johannesburg Water and the City of Johannesburg is quite complex. Although JW is a private company created under the Companies Act, it is also considered a 'municipal entity', and as such it is subject to the regulations established in Chapter 10 of the Municipal Finance Management Act, which imposes some standards regarding budgeting, financial management, and reporting to such entities (Parliament of the Republic of South Africa 2004:92-110). Like any other corporation, JW is managed by a Board of Directors

37 iGoli, or eGoli, is a nickname for Johannesburg that means 'place of gold.'

and an Executive Director. All of them are appointed by the CoJ, which also has several mechanisms to regulate and monitor the utility. The city's Shareholder Unit is in charge of the corporate governance and the financial viability of JW, whereas the newly created Contract Management Unit monitors JW's service delivery to ensure that it meets the standards set by the municipality (L. Smith 2006; Marin et al. 2009). The CoJ wanted to make sure that it had an activity as sensitive as water provision under control, and thus it decided to keep the regulatory functions in-house instead of using an independent institution. Smith (2006:11) argues that the outcome of the contradictory impulses of the municipality – giving independence to the utilities while trying to retain control – was that “the city has limited the autonomy of the utility and the authority of the regulator.” In particular, Smith claims that the CoJ completely miscalculated the requirements that a thorough and comprehensive system of regulation would entail, which led to a Contract Management Unit that was severely underfunded and understaffed at its foundation. When the weaknesses of the institution became evident, however, the municipality took measures to strengthen it and as a result the Unit has become more effective in recent years.

Another problem that arose from the corporatized model involves the difficulties that CoJ encounters to discipline JW when the utility does not perform as expected. The municipality can, obviously, fire the Executive Director or dismiss the entire board if it wishes, and it can also employ a range of less drastic disciplinary measures. However, any type of penalty imposed by the CoJ on JW, particularly of the financial type, is in fact a penalty against itself as the full owner of JW, which severely impairs its ability to punish the firm. In the extreme case of a massive violation of its obligations, it would not make much sense for the city to cancel the

contract with JW and contract another firm, as it could threaten to do if JW was a completely independent corporation. For all these reasons, the monitoring and regulation of JW by the municipality has been traditionally weak and with much room for improvement (Smith 2006:13).

The most relevant aspect of the changes in water provision in Johannesburg for the purposes of this study, however, lies in the consequences that the corporatized model had for the management of water services. The idea of running JW like a business was adopted with the goal of improving the administration of the utility. Although the quality of the service was not particularly bad – 85 percent of the population had access to water and sanitation through a household connection in 2001 – accountability, friendliness, and responsiveness to customers was deficient, employees were poorly motivated, and the financial situation was extremely worrisome. It was soon discovered that the rate of nonpayment of water tariffs reached 23 percent of the city's population (against the previous assumption, based on faulty data, that it was below 10 percent), which resulted in operating losses of 23 percent of the utility's revenue in 1998/1999 (Marin et al. 2009:10-11).

In order to address this problem, and given the evident lack of capacity of local managers, it was decided to bring in a team of external administrators for a limited period of time. This was done through a 5-year management contract open to international bidders. An advisory board to the municipality was put in charge of the tender, for which five international consortia ended up presenting a bid. The bids had both technical and financial components, and after the evaluation of all the proposals by both sets of criteria it was decided to award the contract to the offer presented by the French multinational Suez in association with its South African (WSSA, which

I have explored above) and British subsidiaries. In order to implement the management contract, Suez created a new South African firm, Johannesburg Water Management (JOWAM), which besides its founders included other South African investors who held 26 percent of the stakes. JOWAM finally took charge of the management of JW in April 2001, just four months after the new utility had officially started to operate.³⁸

JOWAM was compensated through a combination of a fixed fee of US\$3,846,153 for the five years of the contract, and two variable amounts depending on meeting operational and financial targets respectively, which could potentially more than double the fixed fee. JOWAM brought a team of 13 managers who took over the top level of management in JW's hierarchy, with only the utility's Executive Director above them. The performance of JOWAM was monitored by a South African independent consulting company, Dynacom Technologies, in partnership with the British firm Halcrow (L. Smith 2006).

When the City Manager decided that it would adopt a corporatized model for Johannesburg and that it would hire a private firm to manage JW, he reached out to the public sector unions in an effort to build consensus around the new measure. Gordhan was unsuccessful, and ended up having to pursue all these changes unilaterally. The unions, as well as social movements and other progressive groups and individuals, accused the City of effectively privatizing water provision, even if the municipality insisted that it would retain 100 percent of JW's shares and thus the new scheme could in no way be equated to privatization.

The latter argument was expressed to me repeatedly in interviews with water managers in

38 For more details on the bidding process and the establishment of the management contract, see Marin, Mas, and Palmer 2009; Smith 2006; Bond and Dugard 2008a.

Johannesburg and Pretoria. When I asked union members and activists to react to that it, I was told that, even if not technically involving privatization, the new scheme entailed the commercialization and commodification of water provision (Dale McKinley interview, Patrick Bond interview). In general, these two terms were used indistinctly and I was rarely given a precise definition of what each of them is understood and how they relate to each other. But what transpired from my conversations about the topic is that both concepts refer to a certain 'logic' of operation, a way of thinking about water and providing it as a service that responds to commercial interests. The problem was that even if JW's goal was not to make a profit as a private firm would, its commercial logic of operation made it prioritize the bottom line and financial considerations over the needs of the people. Johannesburg's inhabitants were not seen as citizens with rights anymore, but as customers whose access to water depends on their financial capacity.

Whenever I presented this insight to city officials, the standard response that I received mirrored the general global discourse about water as an economic good that I described in chapter 2: it is impossible to provide water in a sustainable way if there is no money to pay for the costs of maintenance, operation, and investments necessary for the system to run, and therefore these aspects are a prerequisite if we want to ensure people's access to water (Barry Jackson interview). Despite the accusations that the ANC had 'gone neoliberal' in the 1990s, these officials expressed (I believe genuinely) their full commitment to providing water to the people of Johannesburg. Many of them had been part of the liberation struggle and firmly believed in the right of all South Africans to have access to water. But they were also adamant

about the fact that providing water services has a cost that needs to be paid, and thus in practice water delivery has some requirements that cannot be wished away.

Who was right in this debate? Was the model adopted in Johannesburg necessary for the sustainable provision of water services? Or were the activists' critiques of JW's commercialized system of delivery warranted? Were there alternatives? In order to answer these questions we need to explore the practical consequences for water access of the applied model, which I will do in the next section. But there is another question worth asking at this point: what generated this divide in the opinions of individuals who shared political orientation, trajectories, and a similar desire to ensure people's access to water? Did it result from the practicalities of water provision, which were understood by managers but not by outside activists? My answer to this question revolves around a concept that kept coming up in my conversations with all kinds of actors in South Africa: ring-fencing.

When the PWC consultants made their recommendation for the form of the new municipality in Johannesburg they proposed, as I mentioned above, the separation of the units in charge of service delivery from the city's governing institutions. Partly, this obeyed to an attempt to protect the regular operation of the utilities from political interference. But another factor in this decision was the assumption that a separate business unit is more efficient and transparent. This is because such a unit can easily identify the costs it incurs in service delivery, which allows it to make plans and to know what revenues it needs to sustain its operations with certainty (Smith 2006:2). When the municipality was in charge of all public services, there was a chaotic situation in which nobody knew what the costs for each utility were, and the allocation of some

of the city's revenue (from taxes or other sources) to different services allowed very ineffective and inefficient management practices to continue unaltered. Ring-fencing, then, was the process of figuratively building a fence around each of the public utilities so that they would become self-contained, efficient cost units (McDonald and Ruiters 2005b:17-8).

The corollary of the idea of ring-fencing, however, is that each 'business unit' has to be self-sufficient. This means that surpluses in one service cannot be redirected to another and that general municipal resources cannot be allocated to the separate units. Ultimately, it means that each utility has to generate the income necessary for its operation. How can a ring-fenced utility fully specialized in providing water services fund its activities? The only logical answer is from charging a given fee for the services it provides. This system, then, is fully compatible with – in fact, it is the logical application of – the decision by the ANC when it rose to power to make citizens pay for water. Actually, to the extent that the utility has to raise all its revenues (and we will see below that that is not normally the case in South Africa), this measure involves the establishment of full-cost recovery at the aggregate level.

Of course, this does not mean that cross-subsidies from wealthy to poorer users within the municipality are not possible (and they do exist in Johannesburg and in most other large cities in South Africa). But the commercialized logic of a system based on ring-fencing, the critics argue, puts financial considerations first, with the result that the most vulnerable citizens see their right to water curtailed and pay a disproportionate amount for their access to the resource.

The notion of ring-fencing is illuminating, however, because it indicates that water managers and outside activists are actually talking about different things. Activist and researcher

Dale McKinley says that he understands and supports the idea that a water utility has to be run efficiently and that its financial sustainability is paramount. Yet he also argues that, given the vital importance of water, the socio-economic situation of many of South Africa's inhabitants, and the history of exclusion that many of these citizens experienced, the government could make arrangements to devote resources from other sources, raised through taxation of wealthy corporations and households, to ensure that everyone has access to water irrespective of their financial situation (Dale McKinley interview). Notice that this argument is basically an attack on the concept of ring-fencing, to the idea that the resources for water provision should be generated only from the sale of water services. McKinley's appeal, then, is in the first instance to the South African government, which decided to devote its resources to other uses while it asked the country's citizens to pay for water.

In contrast, local water managers, however progressive they might be in their political views, find themselves operating within the constraints of a ring-fenced water utility. Their job is to provide water, and they have to do so in a specific situation that only offers them a limited range of options. That is why, from the perspective of water managers, the criticisms from activists are not helpful and show a lack of understanding of the requirements of water delivery. They are right, in the sense that they operate within the restraints of a ring-fenced entity while the social movements implicitly question the adoption of a ring-fenced model.

Ring-fencing, then, is a fundamental concept to understand the reality of water provision in South Africa. What is most interesting about it, however, is that it underpins (and is required by) other policies explicitly promoted by certain actors, such as cost recovery and privatization,

yet it is rarely the focus of attention (or contention) itself. As we will see in the next chapter, ring-fencing will be of help in making sense of the situation in Bolivia, and I will also go back to this concept in the concluding chapter.

* * *

In this section, I have traced the changes in water policy in South Africa that occurred after the end of apartheid, both at the national level and at the local level with the case of Johannesburg. I have shown how the policies adopted matched in a variety of ways the view of water as an economic good that became dominant at the global level, and that this adoption took place through a variety of channels. Powerful international institutions and governments pressured in favor of these policies, but at the same time there was a high degree of autochthonous interest in them within the ANC from early on. Even more relevantly, there was a strong sense in the country that these policies were the pragmatic, technical way in which water should be managed based on the international experience of the last few decades.

We have also seen how these market-oriented policies were pursued in a somewhat contradictory way. Different branches of the ANC government adopted measures that were partly inconsistent with each other, particularly with respect to privatization, which was simultaneously promoted and limited in legislation. Moreover, at the same time that cost recovery and private sector participation became part of the water provision model embraced, progressive laws by international standards, including the establishment of a right to water in the Constitution, were adopted.

As I argued above, the controversies over the significance of these changes can only be

settled through an exploration of the consequences that they had for the access to water of the population, especially of the most vulnerable groups. In the next section, I review these outcomes, as well as the measures taken by the ANC in response.

3.4. Progressive Policies or Surrender to Neoliberalism?

3.4.1. *Disconnections, prepaid meters, and the Free Basic Water policy*

What were the effects of the new water policies adopted in South Africa? The expansion of water access to hitherto unserved populations was one of the priorities of the DWAF, which devoted a large amount of resources to building new infrastructure for water provision. At the time of the transition, it was estimated that 14 million South Africans lacked adequate water supply, while 21 million did not have access to sanitation. In the first 10 years since the transition, the government claimed to have provided 13.4 million people with basic water supply and 6.9 million with sanitation facilities (Department of Water Affairs and Forestry 2004). Although some analysts argue that these figures are significantly inflated (see, for instance, Greenberg 2005), it is evident that there has been a considerable increase in the number of people with access to water services in the country.

At the same time that this expansion was taking place, the government was implementing its cost recovery strategy. In fact, cost recovery was closely linked to investment in infrastructure because, as Alence (2002:699) argues, “cost recovery would free up scarce budgetary resources for capital expenditure, allowing the extension of basic services to all South African households.” Yet, as I showed in my review of Operation Masakhane, the government was largely unsuccessful in convincing the population to pay their water tariffs. Table 3.3 shows

some descriptive statistics about cost recovery in South Africa in 2000, based on a sample of 310 municipalities (out of the 843 that existed at the time). Only 60.7 percent of South African households were paying their water bills in 2000, although there was a high level of variability, with some municipalities having almost 100 percent recovery rates and others barely recovering any money at all (the standard deviation for the indicator is 23 percent).

Table 3.3: Municipal Cost Recovery for Water in South Africa, 2000

Indicator	% of Households
Payment rate	60,7
Current-to-total debt ratio for water	25,4
Percentage households with private connections	82,0
Percentage households charged flat rates	20,8
Service restriction to penalize non-payment:	
- less than 90 days in arrears	62,5
- more than 90 days in arrears	18,8
- never	18,7
Progressive tariff schedule	26,4
Active Masakhane campaign	48,2
Payment facilities at supermarkets	13,0

Source: Alence 2002:707

Given the generally low levels of cost recovery and the implications that these had for the system of water delivery promoted by the government, further measures had to be taken by the municipalities. Since convincing people that they should pay for water through Operation Masakhane had not worked, the next step was to encourage payment through the threat of disconnection or service restriction (e.g. lowering water pressure or reducing the flow to a trickle). Table 3.3 shows that a total of 81.3 percent of the households in the municipalities sampled experienced some degree of restriction to the service for non-payment.

The figures about disconnections in South Africa, however, are highly contested. They

are in themselves difficult to estimate because most municipalities do not report them, and thus the data that we have comes from household surveys that use different methodologies and assumptions, which results in wide discrepancies between them. Progressive researchers associated with the Municipal Services Project (MSP), for instance, claimed in 2002 that 10 million South Africans had had their water cut off for non-payment (McDonald 2002). Actually, this number results from a sloppy calculation and, using the data provided by the MSP, the correct figure would be 3.25 million people who had their water cut-off.³⁹ However, the 10 million figure was picked up by international media such as the New York Times (see G. Thompson 2003), and has generally been taken as given by many of the participants in the conversation.⁴⁰ This infuriated Mike Muller, the former Director General of the DWAF, who in an article in the South African weekly Mail & Guardian bitterly complained about “local social movements projecting themselves on to a world stage by painting a totally distorted picture of South Africa” (Muller 2004). Muller does not catch the calculation error in MSP’s work, yet he derides its methodology for asking people whether they had *ever* had a disconnection (instead of within a reasonable period of time), and for not distinguishing between cut-offs for non-payment and for other reasons.⁴¹ Muller argues that a much more accurate estimate comes from a different survey which shows that only 2.5 percent of all households experienced cut-offs for non-

39 According to the authors, the figure of 10 million people experiencing water cut-offs results from applying the 13 percent of households with disconnections found in the survey to the country’s *population* 18 years and older (25 million), which is 3.25 million, and then multiplying this number by the ‘conservative estimate’ of 3 members per household. Notice that this calculation would have been correct if the 13 percent would have been applied to the *number of households* in the country, not the *population*. Since it was applied to the population, there is no reason to then multiply the resulting figure by the number of members in each household as the MSP did.

40 The figure is quoted, among others, by Bond 2005; McKinley 2008; Mehta and Ntshona 2004; Debbané and Keil 2004; Bond 2008; A. Allan 2003; and Smith 2008. Some of these pieces point out that this figure is contested by the DWAF, but none of them go back to the original piece to check the author’s calculations.

payment in the previous year.

Hemson and Owusu-Ampomah (2006) review these and other surveys in detail and conclude that between 34 and 35 percent of South African households had experienced interruptions of service for more than one day in the previous year, which in itself signals a serious problem. However, they find that of all these interruptions only 3 or 8 percent (depending on the survey) were due to non-payment, although they also report large proportions of people who did not know the reasons for the disconnections. Hemson and Owusu-Ampomah (2006) conclude that, based on the data collected according to their preferred method (by asking households first about all the interruptions of service suffered and then about their causes), 1,180,000 people had their water cut-off in South Africa in the previous year. They also argue that the cut-offs affected mostly the poorest citizens in the country, who moreover tend to experience repeated disconnections. This leads them to conclude that “repeated cut-offs among the poorest are indicative of the fact that the cost-recovery approach followed in local government has put greatest pressure on those least likely to be able to pay their bills” (Hemson and Owusu-Ampomah 2006:172).

The late 1990s and early 2000s, then, saw serious problems with water access in South Africa for the most vulnerable groups. Muller does not deny this, but he claims that the depictions of the government as selling out to neoliberalism by some activists and researchers are not based on reality, just as the most circulated figures on disconnections are exaggerated. For Muller, the situation is the outcome of “a well-meaning state struggling to manage rapidly

41 The MSP asked explicitly for disconnections for non-payment, but it did not ask about other types of disconnections, which according to Muller would make people lump all cut-offs into the same category.

expanding services, constrained by limited management capacity and resources” (Muller 2004).

Closely connected to the issue of service disconnections is the controversy around prepaid meters. Conventional meters merely register the amount of water delivered. It is after the water has been consumed that, based on the quantity indicated by the meter, the water utility bills costumers for their use. A prepaid meter, however, is a meter that includes a mechanism that blocks the delivery of water unless a payment is made before consumption. There are different types of prepaid meters, but the most common ones require the purchase of a card in stores which contains a certain amount of credit. The card then needs to be inserted into the meter, which subsequently allows the amount of water paid for to be released. Prepaid meters have a long history. They were originally invented and patented in the United Kingdom in the late 19th century, where they played a central role in extending access to gas lighting to the poor (Hide 2010). More recently, prepaid meters were used for water provision also in the United Kingdom after water delivery was privatized in 1989. However, due to their negative effects on the poorest households’ access to water, these devices (or any other that would limit access to water) were outlawed by the Labor Party in 1998 (Downing and Richards 1998:27-8).

In South Africa, prepaid meters were first adopted in 1986 for electricity. In the context of the rent boycotts of the last years of apartheid, prepaid meters were seen as a way to deal with the problem of non-payment while ‘de-politicizing’ service provision (because disconnections would not be the result of a political decision, but automatically triggered by technology).

In the context of the adoption of a system based on cost recovery and high levels of non-payment, prepaid meters became common in the water sector in South Africa in the late 1990s

(von Schnitzler 2008:910-11). Once again, prepaid meters were seen as a technical solution that took care of non-payment and removed the direct relationship between the citizenry and the municipality. A disconnection was no longer a conflict between the household and the authorities, but it took place without any type of interaction. This explains why these have been referred to as ‘silent disconnections’ (Coalition Against Water Privatisation 2004), ‘self-disconnections’ (Ruiters 2002), or ‘automatic disconnections’ (Bond and Dugard 2008a). Prepaid meters were usually presented as devices that empowered households because they allow people to take control of their water spending, and thus helps them budget (Barbara Schreiner interview, Trevor Ngwane interview). But in an environment already disturbed by cost recovery and service cut-offs, the technical solution of prepaid meters actually became the center of a political controversy.

The case that brought prepaid meters to the spotlight was a cholera outbreak that started in August of 2000 in the province of KwaZulu-Natal. Officially, 82,275 people were infected and 171 died (Mugero and Hoque 2001). Almost immediately, critical voices emerged blaming prepaid meters and water cut-offs for the epidemic (see, among others, Conradie et al. 2001; Deedat and Cottle 2002; McDonald 2002; Debbané and Keil 2004; Bond 2008). The rationale was that water service disconnections forced poor citizens to fetch water from unsafe sources (e.g. streams, rivers), which is where the disease was originally contracted and from where it spread. As Pauw (2003:819) graphically put it, people had been “metered to death.” The DWAF vehemently denied that the cholera outbreak was caused by water cut-offs, and it argued that it was the result of a leaking pipe that became contaminated (John Briscoe interview). Yet

regardless of the true origins of the epidemic, the episode increased the pressure on the government for the negative consequences of its water policies on the poorest South Africans.

In response to this situation and in preparation for the municipal elections that were to take place in 2001, the ANC announced a new ‘free basic water’ policy that would guarantee access to a basic amount of water at no cost every month for every citizen in the country.⁴² Ronnie Kasrils, the Minister of Water Affairs and Forestry who replaced Kader Asmal, recounts how he came to terms with the need for such a policy with a personal anecdote. Kasrils was visiting a rural community where communal taps had been installed, and for which households had to pay R10 (less than 5 US cents) per day in order to access the water. Kasrils continues:

Afterwards, I went down to see the borehole [from where the water for the communal taps was extracted], on the banks of a dried out riverbed. There I found a young woman, with a three-week old baby on her back, scooping water out of a hole she had dug in the riverbed. When I asked her why she was not using the taps, she told me she could not afford to do so. For those living in deep poverty, a US nickel is just too much to spend on a day’s supply of clean water. (Kasrils 2001)

More relevant than this story, however, is how Kasrils framed it in the same article. His piece was written after the second World Water Forum, which took place in The Hague (The Netherlands) in 2000. In that Forum, the World Water Vision (which I described in chapter 2) was adopted embracing the idea of full cost recovery and private sector participation. Kasrils recognizes being impressed by the Vision but, using the vignette described above, he makes the claim that full cost recovery cannot be applied in the South African context without curtailing people’s access to water. Thus Kasrils states that with the free basic water policy “we parted

⁴² A free basic water policy was in practice already being implemented in poor areas of Durban. This, however, was a pragmatic decision taken by the water utility when it realized that, because of low consumption and non-payment, the cost of billing and tariff collection in those neighborhoods was greater than the revenue raised through these operations. The decision was thus made that it was more economical to provide that water for free.

company from the Vision” (Kasrils 2001:53). His Director General at the DWAF, Mike Muller, presents the policies adopted in the early 2000s in similar terms, but he goes beyond Kasrils in recognizing that the free basic water program represented a change of course for the ANC: “It ran contrary to the conventional wisdom at the time, which was that water, as an economic good, should be paid for. It also represented a substantial deviation from the original policies of the ruling African National Congress (ANC) party, which reflected this international consensus” (Muller 2008:1). These are very revealing statements. They show that the policies implemented by the ANC after gaining power mirrored the view of water as an economic good promoted by the global water regime as an ‘international consensus,’ but they also reveal that the DWAF perceived its new policy orientation as a break from that consensus. Access to water was now the priority, and free water was going to be allocated to all South African households to ensure their right to the resource.

It is important to note that the ANC did not mandate the delivery of free basic water, which was merely a policy recommendation. But as Blanc and Ghesquières (2006:2) argue, since it was presented as part of the ANC platform for the municipal elections “it is a measure that is difficult to avoid. Under electoral pressure, the initiative has been extended to all municipalities.” It is also worth pointing out that not everyone, even within the ANC, agreed with the policy. It appears that President Thabo Mbeki, who was a supporter of market-friendly policies, was furious when he found out that the ANC had included free basic water in its program. And the country’s Finance Minister, Trevor Manuel, objected to telling municipalities what they had to do with their money and argued that they should be free to devote their limited resources to their

own context-driven priorities, which did not necessarily have to include the provision of free water (John Briscoe interview).

Another example of opposition to the free basic water policy is provided by Barry Jackson, a water expert who works at the Development Bank of Southern Africa, an institution that has played a prominent role advising the South African government on economic issues. Jackson's objection to the policy is that it severs the connection between customer and water provider, thus encouraging wastage because people have no incentive to use water judiciously if they do not have to pay for it (Barry Jackson interview). Notice how different Jackson's view is from what the Minister of Water Affairs and Forestry, Ronnie Kasrils, said about about the relationship between the cost of water and how much water was used:

in South Africa, and I am sure in most other countries, people's basic needs account for perhaps one or two percent of water use. Although there might be some local exceptions, this consumption has marginal impact on the environment or on other users ... What *is* critical is how we price water for large users, for agriculture, for the manufacturing industries, for mines and for the fully plumbed homes of our cities and towns. If we do not get the resource pricing right for these, then we *will* have overuse, inefficient use, shortages and environmental degradation. (Kasrils 2001:53, emphasis in the original)

There was, then, some degree of disagreement on free basic water and on the general approach to water provision in the country. These disagreements, we will see below, had a noticeable impact on the effects that water policy had for access to the resource in the country.

As a non-compulsory program, the free basic water initiative was presented as a set of guidelines. It was to be implemented at the local level by municipalities, and these had the right to deviate from the guidelines if they needed or wanted to. The government conceived the policy as focusing on poor households, which it defined as those with incomes below R800 (US\$92.92

at the 2001 average exchange rate) a month, the same amount used in other government policies. The free basic water allocation was established at 25 liters of water per person per day, following the minimum requirements set by the World Health Organization. Assuming that the average South African household has eight members, this resulted in 6,000 liters (or 6 kl) of water per household per month (Palmer Development Group 2001).

The main hurdle for the implementation of the free basic water policy was, as it is not hard to imagine, financial. Municipalities were supposed to provide water through utilities that had to generate their own revenue and were already having a very hard time collecting tariffs from the population. And now the government was asking them to add the extra burden of delivering water for free. The DWAF was fully aware of the implications of the new policy, and thus it set up a system to help water authorities implement it. For large and wealthy metropolis, the system was supposed to work simply through cross-subsidization from wealthier to poorer users. By applying progressive block tariffs (such as those described in Figure 3.5 above), large consumers would pay higher prices for each unit of water, and the money collected in this way would be devoted to pay for the free basic water allocation.

However, the situation was much more complicated in smaller municipalities, particularly in rural areas, where there were just not enough large and wealthy users who could be overcharged in order to pay for the subsidies. Since the rise to power of the ANC, the government had provided a general, unconditional subsidy to municipalities whose size depended on the number of poor people that lived in them. This subsidy, called the Equitable Share, has two parts, one of which (the largest one) was to be used to help sustain the delivery of

public services in light of the decrease in other intergovernmental transfers and the low levels of cost recovery. After the decision to establish a free basic water allocation was made, the Equitable Share was increased substantially. In the budget presented in February of 2001, it was established that the Equitable Share would grow by 11 percent in each of the following three years. This money was supposed to be used by municipalities to help them implement the free basic water policy although, as an unconditional resource, councils are free to decide what they want to do with the funds (Palmer Development Group 2001).

Water access in South Africa in mid-2001, then, looked very different from what it had been until then. In only a couple of years, the ANC went from being accused of selling out to neoliberalism and promoting cost recovery and privatization, to adopting a novel policy that provided a basic amount of free water to all citizens. But was this really a radical change? Did it improve water access in South Africa? And were social movements and progressive commentators satisfied with the move? In order to address this question, I will now return to the case of Johannesburg.

3.4.2. Free Basic Water in Johannesburg and the reaction of social movements

The CoJ decided to implement the free basic water program following the guidelines put forth by the DWAF. This involved providing 6 kl of free water to all account holders in the city. The new practice began in July of 2001, just a few months after JOWAM, the subsidiary of the French multinational Suez, had taken over the management of Johannesburg Water. As part of the initiatives adopted to improve the efficiency of water delivery, JW began to install prepaid meters in the townships. The pilot project took place in Orange Farm, a particularly poor and

remote part of the city. Armed with the knowledge provided by that first experience, JW launched Operation Gcin'amanzi (which means 'conserve water' in isiZulu) in 2003. This was a R450 million (US\$59.56 million at the 2003 average exchange rate) project focused on repairing and renewing the water transportation infrastructure in Soweto. However, as part of the project JW also undertook the mass installation of prepaid meters.

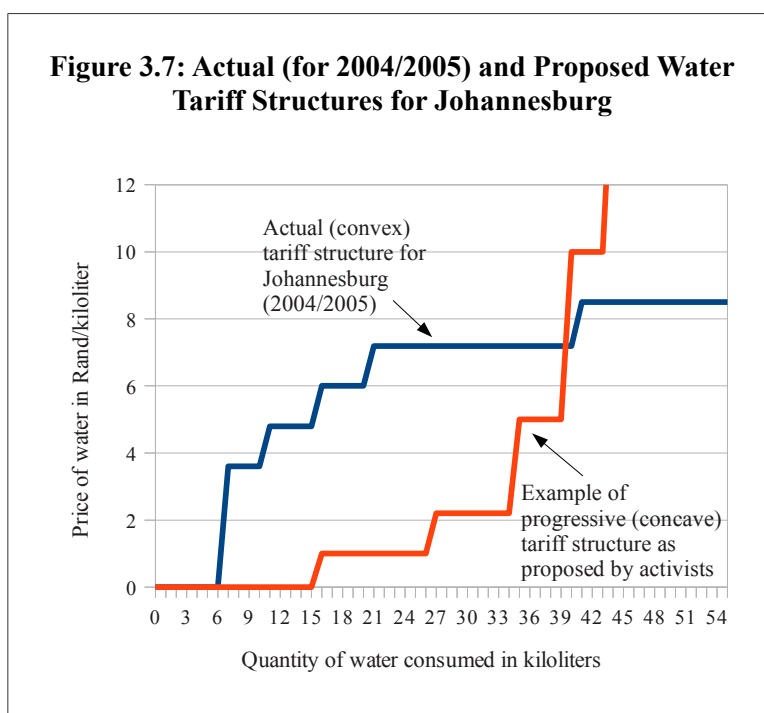
The company started this process in Phiri, one of the most impoverished areas of Soweto, and protests (which had also taken place at a smaller scale in Orange Farm) were almost immediate. JW claimed that it had consulted the population on the measure, which had been approved by the community. Activists protested: "We were not consulted about the installation of pre-paid water meters. This is a democracy. You cannot just come into our area and change our water system without consulting us. This is a top-down way of running government" (Anti-Privatisation Forum 2003). Besides the complaints about the process through which the prepaid meters were deployed, critics charged Johannesburg Water with putting its financial interests before the people's right to water (Orange Farm Water Crisis Committee 2004).

The reason activists give to explain why prepaid meters prevent the fulfillment of the right to water rests on the claim that the 6kl of free water provided by JW are not sufficient to live a healthy life. As a consequence, when people reach their limit of free water and the prepaid meter blocks any further delivery, citizens who cannot afford to pay for the resource are effectively prevented from accessing water. Bond and Dugard (2008a:2) argue that people in Phiri usually exhaust their free allocation around the twelfth day of the month and thus have to go for long periods of time without access to clean water. Other activists point out that the 25

liters per person per day on which the free basic water allocation is based are the amount that the World Health Organization claims is necessary to survive, yet the same organization establishes the amount to live a healthy life in 100 liters of water per person per day (Orange Farm Water Crisis Committee 2004:5). What can be done with 6 kl of water? When the free basic water program started, people had no sense of what this amount meant, and thus the CoJ published some materials to help them figure out what they could do with the free water allocated.: “Johannesburg Water suggests that you budget how you use your 6,000 monthly liters. Here are two daily budgets: (1) Eight flushes of the toilet, five body washes, two kettles of water, one sinkfull of dishes, one clothes wash every second day. (2) Three body washes, one small bath, two kettles of water, one sinkfull of dishes, one clothes wash every second day” (Davie 2002). This was deemed unacceptable by the incipient social movements.

The problem of lack of access to water, however, goes beyond people’s capacity to pay. According to critics, prepaid meters also mean that if there is a leak in the pipe and the water is lost instead of consumed, or if the meter malfunctions and does not provide the resource, people are left without access to water even if they paid for it (Dale McKinley interview). A final regressive aspect of the free basic water policy as seen by activists results from the fact that the poorest households are precisely those in which more people live together. Since the free basic water allocation is calculated assuming eight-member households, whenever there are more than eight people in a home each one of them effectively receives less than 25 liters per day. The policy, it is then claimed, punishes the most vulnerable populations by preventing them from accessing even the most basic amount of water needed to survive (Trevor Ngwane interview).

Criticisms against Johannesburg Water's practices do not end with the free basic water policy. Another target of the social movements has been the tariff structure adopted by the firm. As the free basic water guidelines suggest, JW has a progressive block tariff structure that increases the price per unit of water as the amount consumed rises. The extra revenue obtained in this way is then used to subsidize the free water allocation. However, Bond and Dugard argue that the specific construction of the block tariffs in Johannesburg is too soft on wealthy customers. They object to the fact that "following the [free basic water] zero-rated block, the tariff curve rises in an excessively 'convex' or [in]sufficiently 'concave' manner" (Bond and Dugard 2008a:7). A graphical representation of what this means can be found in Figure 3.7.



Elaborated by author with data from Johannesburg Water 2005 and following the model in Bond 2005:3

A convex curve, like the one representing the tariff structure for Johannesburg (2004/2005) in the figure, raises quickly and then evens out at a relatively low price. This means that the price of water increases quickly at low levels of consumption, which hurts the poorest households, and stops growing at a low price, which means that big consumers are not penalized for incrementing their water use. A concave curve, as the one depicted on the lower right corner of Figure 3.7, would have the opposite effect. It would keep water costs low for small levels of consumption and increase prices sharply at higher levels of use. Bond and Dugard's objection is therefore not about the pricing mechanism used, which has progressive potential, but about how it is used in practice.

In reaction to these policies, protests and demonstrations became common in Johannesburg at the beginning of the century. In 2000, the Anti-Privatisation Forum (APF), "an umbrella organisation for grassroots community groups" of Gauteng (where Johannesburg and Pretoria are located) was created (McKinley 2005). Its goal is to link "workers' struggles for a living wage and jobs with community struggles for housing, water, electricity and fair rates and taxes" (Anti-Privatisation Forum 2001). The Forum acts mainly as a support network that holds workshops, helps citizens analyze their problems, and facilitates connections and coordinated actions among people involved in different kinds of struggles.

It is significant that the APF chose to emphasize the fight against privatization when it chose its name. This is due, in part, to the circumstances in which it was founded, when the corporatization of the CoJ through the iGoli 2002 project was taking place, a plan to privatize the University of the Witwatersrand was being discussed, and the ANC was being accused of selling

out to neoliberalism and private interests with its change of course in economic policy. But when in 2003 a new group within the APF exclusively focused on water issues was founded, its name also emphasized the fight against privatization: Coalition Against Water Privatisation (CAWP).

Those who defend the policies pursued by the government are quick to point out that since JW is fully owned by the municipality, there is no water privatization in Johannesburg (John Briscoe interview). The management contract with JOWAM was only a short-term measure to help JW improve its administrative practices, and in fact after five years the contract was not renewed and the Suez subsidiary left Johannesburg (Anthony Still interview). This apparent contradiction was used by critics of social movements to dismiss them for being out of touch with reality. Neil McCleod, the manager of Durban's water utility and a director on JW's board, colorfully referred to CAWP members as 'loonies' as a way to stress how unrealistic and unhelpful their ideas and actions are (Neil McCleod interview). Mike Muller, the former Director-General of the DWAF refers to these actors in similar terms: "If there is an indictment of the so-called new left, it is the shoddiness of its research at national level and its failure to engage effectively and constructively at local level, where participative local government planning and budgeting processes are there for the taking" (Muller 2004). The APF and the CAWP complain that this attitude towards them is part of a deliberate attempt "to silence and criminalize the voices of those who are resisting" (Anti-Privatisation Forum 2007), and they refuse to participate in policy processes in which only the commodified view of water is accepted.

Why did these social movements choose to focus on privatization? Are they really

unaware of the water policies implemented in Johannesburg and their consequences? Through my interviews with members of the CAWP and my participation in some of its activities, it became evident that many of the individuals who belong to the organization have a sophisticated understanding of the situation. When I pressed some of these activists on their focus on privatization, they argued that the concept is not supposed to refer exclusively to full divestiture of assets to a private entity or even to long-term concession contracts. ‘Privatization’ is for them a shorthand for what at times they call the commercialization or commodification of water. They use the former because it resonates with the population much more than the two other terms. Their point was that the progressive policies pursued by the government at the turn of the century, like free basic water or block tariffs, were adopted *within a neoliberal framework* in which water was treated as a commodity and citizens as consumers. In this context, activists argued, financial considerations always take precedence to people’s access to water, to the point that service disconnections, prepaid meters and insufficiently progressive block tariffs end up preventing the fulfillment of the right to water, particularly for the most vulnerable groups (interviews with Dale McKinley, Patra Sindane, Trevor Ngwane, and Patrick Bond).

Defenders of the government’s policies point out its many successes. In 2008, Mike Muller, the former Director-General of the DWAF, declared the free basic water policy a “success”. Muller recognized the shortcomings of the program, but he put them in the context of “a broader effort to achieve equitable access to, and efficient use of, water in an environmentally sustainable manner” (Muller 2008:2). Similarly, the CoJ claimed in early 2007 that “Operation Gein’amanzi is successfully tackling water losses in Soweto, with about R95-million [US\$13.48

million at the 2007 average exchange rate] and 33 billion litres of water saved already” (Sindane 2007). The municipality also argued that thanks to the reduction in water losses and more accurate water consumption metering through prepaid meters, the cost of water had been reduced for Soweto residents from a previous flat rate of R128 (US\$18.16) a month to an average of R20.45 (US\$2.90) per household per month (which corresponds to water consumed over the free basic water allocation). A spokesperson for JW assured that the population welcomed the changes: “The response is positive and in areas where we have yet to roll out the project, the percentage of ... acceptance of the project is over 75 percent” (Sindane 2007). The latter point is echoed by Muller (2008:10), who referred to the APF and others who opposed how the free basic water policy was being implemented as only a “small but prolific civil society community.”

This community had a completely different assessment of the outcomes of the new policies. The CAWP argues that “[t]he collective impact of water privatisation on the majority of South Africans has been devastating,” and cites cholera outbreaks, disconnections, and unaffordable tariffs as some of its consequences (Coalition Against Water Privatisation 2007). For these groups, the right to water was being denied to poor people in South Africa because of the commercial approach to water provision. Underpinning this view is the belief that, as Dugard puts it, there is a “clash between a rights-based conception of water as a social good and a seemingly antithetical approach in which water is viewed as an economic commodity” (Dugard 2010:177).

We have to remember, however, that the ‘right to water’ is not merely a principle to which the government claims to adhere; it is enshrined in the country’s Constitution. Following

the path opened by the Treatment Action Campaign, which had been very successful forcing the government to expand access to AIDS treatment through legal action, five citizens of Phiri sued JW over the imposition of prepaid meters and the insufficient amount of the free basic water allocation. With the help of the Centre for Applied Legal Studies at the University of the Witwatersrand, these individuals embarked on a judicial process to protect their right to water that started in December of 2007 and did not end until October of 2009. In the first instance, the Johannesburg High Court ruled in favor of the plaintiffs, ordering JW to provide 50 liters per person per day as part of the free basic water policy (twice the amount on which the 6 kl per household per month is calculated) and declaring prepaid meters unlawful and unconstitutional (Tsoka 2008). The CoJ and JW contested the decision, and the Supreme Court of Appeal ruled in March of 2009 reducing the amount of free basic water to 42 liters per person per day. The Court also upheld the unlawfulness of prepaid meters, yet it decreed that this decision be “suspended for a period of two years in order to enable [the CoJ] to legalise the use of prepayment meters in so far as it may be possible to do so” (Streicher 2009:3). The residents of Phiri appealed to the Constitutional Court, which in October of 2009 ruled that the free basic water allocation as it was originally set (25 liters per person per day, or 6 kl per household per month) “falls within the bounds of reasonableness” and that “[t]he installation of pre-paid meters in Phiri is found to be lawful” (O’Regan 2009:5-6).

This disappointing ruling for the social movements makes an assessment of the entire process difficult. On the one hand, it shows that the guarantee to a right to water in the Constitution can be used by citizens to force authorities to make policy changes (Danchin 2010).

In fact, after the first ruling and before the decision of the first appeal had been made, JW unilaterally decided to increase the free basic water allocation from 6 to 10 kl per household for those individuals that registered as indigents with the city. In 2009, this subsidy was incorporated into a social package that, as of 2012, provides households where at least 50 percent of its members are registered indigents with between 10 and 15 kl of free water per household per month, depending on various criteria (Johannesburg Water 2012). On the other hand, the final ruling of the Constitutional Court condoning JW's original policies can be taken as either a confirmation of the complaints by some activists that the right to water is not respected in South Africa (Bond 2007), or as a vindication of the claim by the government that it has adopted the necessary measures to guarantee that right.

Regardless of our assessment of the Court's decision, the significance of this episode resides in how it highlights the contradictory nature of water policy in South Africa in the new century. Alongside the explicit renunciation to cost recovery and the adoption of progressive policies (at least from the point of view of international standards), the South African government embraced, in the name of sustainability and efficiency, the role of the private sector and its management principles. How are we to evaluate South African water policy in regards to the view of water as an economic good promoted by the global water regime? A proper answer to this question will have to wait until after my exploration of the Bolivian case and the global water movement in the next two chapters, but I will attempt to draw some preliminary conclusions in the next section.

3.5. Conclusions: Contradictory Water Policy in a Changing Global Context

I began this chapter with the goal of assessing the extent to which the new ideas about water provision publicized by the global water regime had reached South Africa, through what channels and with what consequences. What can be said about these issues in light of the evidence presented?

The first element that needs to be pointed out is that water policy in South Africa cannot be solely explained by referring to global processes. The specific circumstances of the South African reality, from its hydrology to the unique nature of the apartheid regime and the transition to democracy, are essential to understand the evolution of access to water in the country in the last two decades. In particular, a key aspect of the South African context is the juxtaposition of a history of exclusion and oppression of the non-white majority with the fact that, because of the rent boycotts, many of the members of that majority did not pay water tariffs in the last years of National Party rule. This made the decision by the ANC to make people pay for water access much more controversial than it would have been in other contexts where payment for services is taken for granted and the debate revolves around *how much* citizens should pay.

Another important aspect of the South African environment is the relative isolation in which the country found itself until the end of apartheid. We have seen, however, that even if South Africa was not indebted to the World Bank and other international financial institutions, these organizations did manage to exercise a considerable degree of influence both on the National Party and on the ANC around the time of the transition. This influence came in the form of technical advice and training in dealing with a complex economic situation. In this sense, the World Bank and other powerful international institutions were a major channel through which

the market-based ideas that became hegemonic worldwide in the 1980s entered the country. However, it is necessary to point out, once again, that despite the instrumental role played by the Bank the policies adopted in the water sector were, from early on, perceived in the country as the product of an ‘international consensus’. I showed how both white papers on water policy, released in 1994 and 1997, reviewed and claimed to adopt international practices as put forth in the Dublin Conference or the first World Water Forum. This reinforces my contention that the global water regime plays an instrumental role in legitimizing and spreading a set of policies that, although with a very specific ideological background, are perceived as part of a generalized technical consensus.

Equally telling for the importance of international ideas is how the change of course adopted by the ANC in water policy at the turn of the century was framed. As I reviewed above, high officials at the DWAF emphasized the way in which the free basic water policy deviated from the international consensus. To reiterate, let me once more quote Mike Muller, the former Director-General of the DWAF, on how the new policies were based on principles that diverge from globally accepted views: “Now this is heresy and many will point out that the principles which I have just torn up have been internationally agreed in places such as Dublin. ... The fact is that, to date, the international water debate has been largely driven outside the formal multi-lateral system and the key conclusions reflect largely the views of the donor community” (Muller 2003:3). I find this statement particularly revealing because, besides presenting South African policies in opposition to international standards, it makes the case that those standards are not the result of an unbiased conversation among all stakeholders, but follow the interests of a particular

group of actors. This is consistent with my preliminary assessment of the global water regime in chapter 2 as a system of governance that, despite its self-presentation as open and participatory, is riddled with power.

The South African case also shows that, given the quasi-local nature of water provision, national states, when they are not tied to policy conditionalities by international institutions and if they have enough resources, can exercise a considerable degree of discretion in their water policies, to the point that they can even explicitly oppose internationally accepted ideas. This is how the free basic water program and the end of full-cost recovery were framed in South Africa. How should we assess, then, the strong opposition to these policies by social movements who do not hesitate to label them ‘neoliberal’? Are these activists, as a water manager referred to them, ‘loonies’ who are out of touch with reality? Or do they have a point when they claim that, no matter how progressive water policies may seem in theory, if they are applied within a framework of commodified water management they will inevitably fail to ensure water access for the most vulnerable populations?

These questions go to the core of one of the arguments put forth in the Dublin Statement. As I showed in chapter 2, the fourth Dublin principle affirmed that water should be managed as an economic good, yet it also argued that this way of dealing with water is not only compatible with the right to water, but is in fact the best way of guaranteeing such a right. The South African government claims that the policies it adopted after 2000 effectively ignore the precepts for the implementation of the economic view of water advanced by the global water regime (i.e. full cost recovery and privatization). The social movements, in contrast, argue that what is relevant is

the way in which policies are applied. For them, the most progressive policies will fail to provide water to the poor if they are embedded in a commodified and commercialized framework of water delivery. From this perspective, then, water as an economic good, which implies the commodification of the resource, is in the last instance incompatible with the right to water.

My preliminary response to these two claims is that a proper assessment of their validity cannot be made in the abstract and depends on an analysis of the effects of water policies in a specific context. In this sense, the experience of Johannesburg shows that it is possible to adopt progressive policies that massively expand access to water to vulnerable populations, and still include regressive elements that let the poorest of the poor fall through the cracks. In my view, this indicates that there is a certain *logic* to water management that goes beyond the specific policies adopted, and in the case of Johannesburg this logic generates some degree of inequality and exclusion in water access. However, the logic underlying water provision does not depend exclusively on making people pay for water or on having the private sector play a role in water delivery (even if these are certainly indicators of the existence of a certain commercial logic). The most revealing element of the character of the logic of water provision in South Africa is the adoption of 'ring-fencing'.

As I argued above, ring-fencing refers to the separation of cost units for water provision in the name of economic efficiency. I argue that it is precisely this individualization, which forces water utilities to raise their own revenue through water tariffs and sees consumers as generally responsible for their water consumption, that ultimately generates negative consequences for the access to water of the most vulnerable. And this happens irrespective of the

concrete water policies adopted. This is not to say, of course, that a free basic water policy is not more friendly to vulnerable groups than full-cost recovery, and the choice of policies certainly has a major impact on water access. But under the logic of ring-fencing, even progressive policies are implemented in a context in which utility managers face a number of constraints that can have regressive consequences.

In order to evaluate the validity of this preliminary hypothesis and its implications, I will keep it in mind and see what role (if any) it plays in the case of water provision in Bolivia and in the actions of the global water social movement, which are the focus of the next two chapters. In the final conclusions to this dissertation I will use all this evidence to formulate my final assessment.

Chapter 4: Bolivia

In my exploration of the relationship of South Africa with the global water regime I emphasized the country's history of exclusion and isolation, which limited its linkages to foreign actors and therefore its exposure to international policy requirements. In the case of Bolivia, in contrast, we find a country that, since the mid-1980s, has been subject to the dictates of international financial institutions, whose help the country needed to weather a terrible financial and economic crisis. How did this difference in the country's connection to foreign agents affect the impact that the ideas of the global water regime had in Bolivia? And what consequences did the policies adopted have for the access to water of the population, especially of the poor indigenous people who constitute the majority of the country's inhabitants?

In this chapter I will answer these questions through an in depth exploration of the evolution of water policy in Bolivia in the last three decades. Just as in the case of South Africa I focused on the transition to ANC rule and its implications for water access, in my investigation of Bolivia I am particularly interested in assessing the outcomes for the water sector of the rise to power of Evo Morales, who reached the country's presidency in 2006 with a radical program of social and democratic reforms.

I will start the chapter by providing some background on the history, geography, and politics of Bolivia, as well as on the evolution of its water sector through the 20th century. In the second section I will focus on the period that goes between Bolivia's return to democracy in 1982 and Cochabamba's Water War in 2000. This is a crucial time in Bolivia's history, since its debt problems forced it to adopt the liberalizing policy prescriptions of the World Bank and the

IMF, which in the 1990s reached the water sector. I will pay particular attention to the privatizations of water provision that took place in La Paz/El Alto in 1997 and in Cochabamba in 1999, through which I will be able to assess the effect of the ideas of the global water regime in the country.

In the following section I will analyze the years of extreme social mobilization and political turmoil that preceded Evo Morales's victory. In this period, the Bolivian social movements worked hard to find alternatives to the model of water management prescribed by international organizations, and thus I will spend some time studying these alternatives as well as the difficulties that their promoters found to implement them.

Finally, the last section of the chapter is devoted to the rule of Evo Morales and the progressive water policies that his Ministry of Water claims to pursue. In my conclusions, I will reflect on the impacts of the ideas of the global water regime on water access in Bolivia, as well as on the significance of the alternatives presented in the country, and I will use the concept of 'ring-fencing,' which I discussed in my exploration of South Africa, to try to make sense of the commonalities between the two cases.

4.1. Of Diversity, Conflict and Oppression in the Andes

The old, ramshackle bus that was taking us from Santa Cruz de la Sierra, in the Eastern lowlands of Bolivia, to the Andean city of Cochabamba had most certainly seen better days. As it arduously tried to climb the steep and sinuous road towards the mountains, it struggled to catch its breath and seemed to curse with a deep and hoarse voice, too focused on the difficult task at hand to be able to perceive the impressive change in the scenery that surrounded us. From one of

its unstable dirty seats I squinted to look past the dust that rose from the road and gently came to rest on the windows of the vehicle. The stout, sweltering and humid air that embraced us on the tropical plains of the Santa Cruz department slowly surrendered to the chilly breeze of the Andes as it got drowned under the weight of the magnificent mountains.

The beginning of our eight-hour trip (which, true to the reputation of Bolivian buses, ended up taking four extra hours) did not give the passengers any time for distraction. The roads were flanked by thick vegetation that elevated, bended and reached over the road to touch its partners on the other side, as if any disconnection in that vast sea of green could not be tolerated and had to be repaired immediately. As we rose towards the mountains, however, the landscape changed dramatically. Greens gave way to reds, browns and oranges, and the angled stones through which the road had been carved stood stoic and menacing, a stark contrast with the lively plains of the East. With the vegetation also disappeared almost any vestige of human life. Only once in a while, when the road would give the bus a respite and the terrain would teasingly even out for just a moment, would we encounter a remote, lonely hut, so lonely indeed that one could not help but wonder how its inhabitants were able to survive in the middle of such nothingness.

Our arrival to Cochabamba immediately took us back to the effervescence of city life. Dozens of colorfully dressed indigenous people surrounded the bus, some anxiously waiting their turn to get on and claim a seat, some trying to sell homemade foods or remedies for painlessly passing kidney stones to the travelers, and still others begging for charity. On descending from the bus and clumsily trying to make my way to the terminal, the arid air of

Cochabamba's valley during the dry season immediately reminded me of the daily struggles that Cochabambinos face to access water. I then stood quiet for a second in the middle of the functional chaos that surrounded me and thought about how everything that I had experienced in the previous hours captured the physical and social features that shape the conflicts over water that I was there to study: the extreme variance in water availability, the cultural diversity of a country populated by an indigenous majority, the vastness and inhospitableness of the topography, the socio-economic inequalities with deep historical roots... All these factors are essential to understand modern Bolivia and the developments in the water sector, and thus this section is devoted to exploring them in detail.

4.1.1. Instability, patronage, indigenusness and exclusion

As the description of the trip from Santa Cruz to Cochabamba shows, Bolivia has very different climates in different parts of the country. Whereas the Eastern lowlands lie within the Amazon basin and receive more than 5,000mm of precipitation each year, the dry highlands of the Southwest can get less than 200mm in some years. In general, the elevated Andean and the Sub-Andean regions receive between 300 and 700mm of precipitation a year, with a high degree of seasonality.⁴³ This means that despite the abundance of water in the Eastern plains, there are many areas of the country, particularly on the Andean range, where water is relatively scarce (Mattos and A. Crespo 2000; Bustamante 2002).

The shortage of water in the highlands during the dry season has been traditionally dealt with thanks to the glaciers that retain precipitation in the form of snow and release it in liquid

⁴³ Between 60 and 80 percent of the annual precipitation on Bolivia falls in the four summer months, between December and March (Mattos and A. Crespo 2000:33).

state during the dry season. This is, for instance, how the capital city of La Paz and its twin suburb of El Alto (which is located at an altitude of over 13,000 feet) obtain their water. This source of water, however, is endangered by the rapid retreat of glaciers in the Andes as a result of climate change. The Bolivian government calculated at the turn of the century that 60 percent of the country's glaciers had disappeared since 1978. Moreover, precipitation is also decreasing. In La Paz, the average annual rainfall declined by over 20 percent between the 1980s and the 1990s (Forero 2002), and some predictions describe the degree of dryness that Bolivia will experience in 2050 if the current trend of warming continues as "catastrophic" (Bolpress 2010a).

Another way in which Bolivians in the dry highlands of the Andes have dealt with water scarcity in the past has been through adaptation to the harsh environment. This adaptation involves the development of a worldview in which water is precious and fundamental, which is particularly the case for indigenous cultures. As Solón (2007) reminds us, even if there are multiple ways in which different indigenous peoples relate to and manage water, they all have in common the recognition of the centrality of the resource and their "respect" for it. As we will see, this is a key factor to consider when analyzing the conflicts over water access that took place in the country in the early 21st century.

Bolivia's water scarcity is made more severe by the long-standing weakness and lack of resources of the state, since these factors reduce the ability of the government to build infrastructure for water transportation and storage. This weakness has deep historical roots. Since its independence from Spain in 1821 Bolivia has had a convoluted existence which includes 195 revolutions and military coups (Gamarra Zorrilla 1997:22). The constant fights and political

turmoil prevented the consolidation of a functioning state until very late even for Latin American standards. Matus (2003:134-5) claims that the lack of a cohesive elite left the leadership of the country in the hands of a divided military, and this in turn resulted in instability, a weak political system and feeble territorial integration. Centelles and Navarro (2003:315) argue that “the weakness of the Bolivian state favored the emergence of a system of political parties in the 1880s based on the geographical location of the economic and social elites of the country.” From this divided political context emerged a political culture based on patronage that allocated jobs in the state apparatus to the members of each party and used the state to pursue the interests of the elites.

Since the state was the exclusive tool of the elites of Spanish origin, this system had an acute racial bias. The country’s indigenous population was even denied citizenship in an environment that, as Webber (2011:37) describes, “was characterised by racialised repression, exploitation, and dispossession.” Indigenous groups had been discriminated since colonial times, even if there was a tacit agreement to keep native and Spanish societies independent from each other as two distinct ‘republics’ (Rivera Cusicanqui 1991). Although this agreement carried over after the country’s independence from Spain and until the mid-19th century, the attitude of the creole population towards indigenous groups had become significantly more hostile after the indigenous rebellions of the late 18th century. As a consequence, even if indigenous populations were granted some rights they remained second class citizens. Throughout most of the 19th century indigenous peoples continued to live in their own communities (known as *ayllus*) without intervention of the state in exchange for the payment of tributes, which at the time

amounted to about half of the government's revenue (Webber 2011). The situation changed dramatically, however, with the boom of the mining industry in the late 19th century and the progressive development of a capitalist economy. These led to the expropriation of indigenous land and the progressive decline of native communities, which triggered several insurrections around the turn of the 20th century (Webber 2011:41). The response to these rebellions was the increasing oppression and exclusion of indigenous groups by a range of creole actors, this time accompanied by a new ideology of progress which, embodied in the state, depicted indigenous people and culture as backwards.

Labor and indigenous mobilization emerged often during the first half of the 20th century, but it was in 1952 that Bolivia experienced a major political upheaval with the National Revolution led by the Movimiento Nacionalista Revolucionario (MNR). The goal of the Revolution was to establish a new social pact aimed at the integration of hitherto excluded sections of the population. For labor, it brought land reform and the nationalization of mines. For the indigenous population, it gave them full citizenship and established universal suffrage. These changes, however, pursued the integration of indigenous people to the liberal state, and thus denied the particularities and culture of native groups. Indigenous demands were framed as class demands, and thus indigenous groups were incorporated into the mass of peasants and workers (Bustamante 2002).

Once in power, the MNR also sought to expand the penetration of the state into Bolivian society and to increase the country's territorial integration, although according to Matus (2003:136) these tasks remained incomplete. In particular, the efficiency of the state apparatus

decreased despite its growth in size, mainly because the bureaucracy kept responding to the requirements of patronage networks instead of pursuing the rational administration of the country. This was a factor in the incorporation of workers and peasants to the political system, which took place in the form of corporatism and clientelism. Barreda and Costafreda (2003:155-6) claim that the MNR purposefully attempted to reproduce the type of operation that had kept the Mexican Partido Revolucionario Institucional (PRI) in power for decades. Political representation took place through corporatist institutions, and it was mainly channeled through the Central Obrera Boliviana (COB), the country's single national union. However, and in contrast to the case of the PRI, the MNR failed in its strategy as it did not manage to keep the COB subordinated to the party. Despite this, the implicit agreement to share power between the COB and the MNR meant that the latter did not have to worry about opening up popular participation and could devote itself to state management. The role of the MNR in the Revolution and the appearance of representation channeled through the COB were sufficient to legitimize the role of the MNR as the ruling party (Barr 2005:78).

Clientelist and patrimonial relations within the MNR, however, led to the emergence of extreme factionalism and the reproduction of old patronage schemes. The ensuing discontent of military and economic elites resulted in a coup headed by general Barrientos in 1964, followed by almost two decades of successive coups and internal fights within the ruling military. The economic crisis of the 1980s put an end to the dictatorship as growing discontent forced the army to give up the control of the state, and Bolivia became a democracy once more in 1982.

The situation of indigenous people deteriorated during military rule, and this population

was also particularly hit by the economic crisis of the 1980s. The outcome of this process of exclusion is that, even in the context of a poor country like Bolivia, indigenous people suffer significantly lower living standards than their creole counterparts. This is evident from the data shown in Table 4.1, which compares basic socio-economic statistics for Bolivia's indigenous and non-indigenous populations.

Table 4.1: Selected Indicators for Indigenous and Non-indigenous People in Bolivia, 2001

	Indigenous	Non-indigenous
Population	61%	39%
Literacy	82%	94%
Primary education attrition	33%	19%
Primary education degree	54%	72%
Secondary education degree	37.3%	54%
Fertility	4.8 children per woman	3.7 children per woman
Child mortality	75.9 deaths per thousand	51.9 deaths per thousand
Poverty	69%	32.6%

Source: elaborated by author with data from Molina Barrios 2005

About 60 percent of the Bolivian population lives below the national poverty line. This figure rises to almost 70 percent in the case of indigenous people, whereas the percentage of poor non-indigenous citizens is much lower at 32.6 percent. The native population also fares significantly worse than creoles in key education and health indicators.

It is also worth mentioning that, although I will generally refer to indigenous people in Bolivia as a single group, there are 33 recognized different indigenous peoples in Bolivia, most of which live in the country's Andean provinces. Despite this diversity, most indigenous people in Bolivia are either Aymara or Quechua. Of the five million people who self-identified as

indigenous in the 2001 census, only 62 percent specified the group to which they belonged. Yet, of these, 49 percent said that they were Aymara, whereas 41 percent declared themselves as Quechua.

As I mentioned above, the Bolivian state has limited resources and capacity to address the country's socio-economic inequalities. A comparison with South Africa is revealing in this respect. As Table 4.2 shows, Bolivia's GDP is only 5.4 percent of South Africa's, its GNI per capita is one-fifth and its government expenditures are only 3.6 percent of its African counterpart's, all this for countries of roughly equal sizes.⁴⁴

Table 4.2: Basic Economic, Government and Social Indicators for Bolivia and South Africa

	Bolivia	South Africa
Economic Indicators		
Population, total (2010)	9,929,000	49,991,000
GDP (millions of current US\$) (2010)	19,650	363,910
GNI per capita, Atlas method (current US\$) (2010)	1,810	6,090
Government Indicators		
Government expense (% of GDP) (2007)	21.81	30.36
Total debt service (% of GNI) (2010)	3.44	1.43
Present value of external debt (% of GNI) (2010)	17.39	14.74
Debt to multilateral institutions (% of total external debt) (2010)	42.89	2.52
Net ODA received (% of central government expense) (2007)	16.66	0.93
Tax revenue (% of GDP) (2009)	16.96	28.87
Total natural resources rents (% of GDP) (2010)	18.15	4.62
Social Indicators		
Life expectancy at birth, total (years) (2010)	66.27	52.08
Poverty headcount ratio at \$2 a day (PPP) (% of population) (2006)	25.34	35.74
Poverty headcount ratio at national poverty line (% of population) (2006)	59.90	23.00
GINI index (2006)	56.38	67.40

Source: Elaborated by author with data from World Bank 2012c

⁴⁴ South Africa, with a surface area of 1,219,090 km² is about 10 percent bigger than Bolivia, which has 1,098,580 km².

Moreover, Bolivia has a relatively high level of indebtedness, with over 40 percent of its debt being held by multilateral institutions, and it also receives a significant amount of funds in the form of development assistance, which constitutes almost 17 percent of the government's budget. Its dependence on foreign actors is only worsened by the little control that Bolivia has over its economic performance since it is heavily dependent on natural resources – from which it generates over 18 percent of its GDP – whose price tends to be determined in highly volatile world markets.

Bolivia's history and socio-economic conditions have clearly shaped the extraordinary political turmoil and the changes that the country has experienced in the last two decades. But how have these factors affected water policy and access in the country? I address this question in the next section.

4.1.2. Water policy in Bolivia before the 1980s

The history of water management in Bolivia has been shaped by the scant and feeble participation of the state in the administration of the resource (Bustamante 2002). This corresponds to the traditional weakness of the Bolivian state, and its outcome is that water management in the country has been frequently exercised in an autonomous way at the local level and without much external intervention, particularly in rural areas. As a result, hydrological and cultural diversity have given place to countless forms of arrangements and management systems. These are often imbued with particular indigenous principles and outlooks, such as the communal operation of water resources and an almost mystical respect for the resource. These local forms of management are part of the indigenous '*usos y costumbres*' (usually translated into

English as ‘customs and traditions’), which as we will see later on will be a central demand of indigenous movements in Bolivia in the early 2000s (Bustamante 2002).

A consequence of the independence through which local groups (most of them poor indigenous communities) have traditionally accessed and managed water in Bolivia is the low levels of investment and technology utilized. In general, to the extent that it was possible communities would get their water from rivers and streams. Only when these sources were not sufficient more sophisticated actions involving the construction of small dams or canals took place, which usually involved contributions from everyone in the locality, either in monetary or labor form. This is how rural communities organized the collection and distribution of water for small-scale agriculture to which it is estimated that 85 percent of the water used in Bolivia is destined (Bustamante 2002).

Although the management of water resources usually took place independently at the local level, Bolivia did adopt national water legislation early on. In 1879, it passed a series of regulations based on the Spanish water legislation of the time, and these were promoted to the rank of law in 1906, giving birth to the country’s first (and only) comprehensive Water Law. Barragán and his collaborators (1998:51) describe it as a modern law which deals with water property rights in relation to land. The main criteria adopted was that of ‘riparian rights,’ the same one that underpinned South African legislation until the end of apartheid. The riparian principle basically means that rights over water are attached to the property of the land adjacent to water sources. The 1906 law, then, focuses mostly on what I have labeled as ‘water as a resource,’ and it does not pay any attention to water services or to how water should be managed

and delivered. Its only reference to water for personal consumption is made in its consideration of the competition of water between different sectors and uses, in which it establishes the right of localities to expropriate water from private sources if the amount of water available for the town's inhabitants is lower than 50 liters per person per day (Bustamante 2002).

The 1906 Water Law has never been repealed and thus it is still in force today. Some of its clauses have been superseded by subsequent specific sectoral laws (such as those for the agricultural and mining sectors), yet most of these were adopted late in the 20th century and thus I will discuss them and their effects in some detail in the next few sections.

Given the lack of state intervention in the water sector and the low level and small scale at which water provision has traditionally taken place in Bolivia, what can be said about how water services developed and organized in the country throughout the 20th century, particularly in urban centers? The wide diversity of provision models and histories does not allow me to undertake a comprehensive exploration of this issue, but the specific case of water provision in Cochabamba, the third city of Bolivia in number of inhabitants and one of the two localities in the country to which I will pay careful attention below, provides a significant example.⁴⁵

Cochabamba lies on a valley on the Eastern slope of the Andes where conflicts over access to water date back to colonial times. When the country gained its independence in 1821, the provincial government of Cochabamba took over the administration of the limited water resources of the Central Valley, a task that it continued to perform until 1950. In the mid-19th century, the inhabitants of Cochabamba obtained their water from a few fountains and water

⁴⁵ The discussion of the history water provision in Cochabamba that I develop in the following paragraphs is based on evidence found in Salazar Ortuño 2000 and SEMAPA n.d.

tanks (*'piletas'* and *'cajas de agua'*) which were clearly insufficient and prone to leakages and contamination. There were abundant water sources nearby, but these had all been granted, following the riparian principle, to communities and landlords and thus were not available for the city to tap. Moreover, despite the existence of some proposals for solutions the lack of interest of the state, which was focused on the development of mining in other areas of the country, meant that the city did not have the resources necessary to implement them. Wealthy citizens were able to build their own private systems, and thus were not interested in finding citywide solutions. However, in the second half of the 19th century the problems with the provision of water resulted in several epidemics of typhoid fever, and this convinced local and provincial authorities that something had to be done to address the situation. After several plans and studies, some nearby water sources were expropriated and granted to the municipality, which also received funds to build the city's first public water system in 1896.

The new system, however, soon became insufficient. Moreover, the lack of investments meant that the infrastructure quickly deteriorated, and by 1918 some observers were arguing that water provision in Cochabamba was worse than in colonial times. Frustration increased among the population, who blamed provincial authorities for the lack of action. Different committees to study the situation and present solutions were established, and a few expropriations and expansions of service were undertaken. However, Salazar Ortuño (2000) argues that all these initiatives were ad-hoc, limited short term measures because the provincial government was monopolized by large landowners who did not want to renounce to their water sources for the sake of the provincial capital.

Popular pressure ended up forcing the national government to transfer the management of Cochabamba's water provision to the municipality in 1950. At the time, only 51 percent of the city's population received water in their homes through the public system, while the rest were being forced to use public fountains or private wells. Cochabamba's Water Department then undertook some major infrastructural work, which included drilling artesian wells throughout the city and were financed through water tariffs.

An interesting development took place in the 1960s when the Water Department adopted a "technocratic approach" (Salazar Ortuño 2000) which involved the pursuit of viable and immediate projects to increase water availability without taking into account their implications. This technocratic turn reminisces of the 'hydraulic approach' that I argued in chapter 2 characterized water management throughout the world in the 20th century, and which was reaching Bolivia and Cochabamba with some delay. Why did this change take place at precisely that point in time? Salazar Ortuño (2000) argues that this shift was part of the conditions that the Inter-American Development Bank established in order to provide the necessary funds for the infrastructural projects that the city planned to meet its water demands.

A related condition imposed by the IADB was the creation of an independent and technically-oriented municipal water utility, SEMAPA, which is the institution still in charge of water provision in Cochabamba today. SEMAPA was born in 1967, and since then it worked to obtain the water needed by the city from nearby sources without taking into consideration the increasing water scarcity that its actions were generating for communities, irrigation farmers, and other localities in the Central Valley, thus triggering some of the conflicts over access to water

that the region is still dealing with in the present.

SEMAPA's activities in the following decades, which were mostly funded by international financial institutions and bilateral development aid, found strong popular resistance outside of the city. This resistance was often met with repression by the police and the army, which although justified with technocratic arguments had a marked racial component since the groups affected were often indigenous rural communities whose interests were being neglected in favor of those of the 'modern' city (Salazar Ortuño 2000). These incidents started during the repressive military dictatorship, but continued through the 1980s and 1990s and thus I will leave their exploration for the next few sections of this chapter.

Among the many interesting features of the history of water provision in Cochabamba, I would like to point out two that are particularly relevant for this study. The first one involves the overwhelming focus on water as a resource and the lack of a particular view about *how* water should be delivered. Following the tenets of the hydraulic paradigm, water provision was performed by public authorities with the goal of ensuring the supply of water in a subsidized way, and the activities undertaken were often presented in technocratic terms, as the outcome of technical engineering needs. The second noteworthy factor in Cochabamba's story is the influence of foreign actors in the adoption of policy approaches, which anticipates some of the developments of the 1990s and stresses one of the main differences between Bolivia and South Africa, which as we saw in chapter 3 was isolated internationally and thus could not be forced to adopt policies by outside actors. I will come back to these elements later in this chapter in order to point out their significance for subsequent developments.

4.2. Democracy and Neoliberalism: Bolivia Between 1982 and 2000

4.2.1. *Crisis in the time of market hegemony*

According to Barreda and Costafreda (2003:157-8), in the early 1980s Bolivia embodied an uneasy mixture of pre- and post-revolutionary trends. As it had been the case in the convoluted decades before the National Revolution, the country experienced high levels of social and political polarization which led to instability and lack of governability. A range of political agents attempted to gain power and force institutional change, which led to intense fights and confrontations. Hitherto excluded actors such as workers, peasants and indigenous peoples, mobilized outside of the formal political system. In contrast, military and civil elites worked through formal institutions, although they did not hesitate to attempt coups whenever the situation veered too far from their interests. Some of the dynamics that developed after the Revolution, however, remained in full force. Patrimonialism and clientelism drove the relations between private actors and the state, while corporatist institutions like the COB continued to channel political representation.

The political system after the return to democracy was dominated by three political parties that monopolized the control of the legislative and executive powers until 2006: the already-mentioned MNR, the Movimiento de la Izquierda Revolucionaria (Revolutionary Left Movement, or MIR), and Acción Democrática Nacionalista (Nationalist Democratic Action, or ADN). These parties soon realized that they would not be able to govern on their own, and thus they spent the following two decades going back and forth setting up and breaking alliances with each other while navigating policy and ideological disagreements, as well as personal animosity

among their most prominent national figures. A few smaller political parties became important at different points in time, but in very rare cases did they manage to institutionalize their presence in the long run.

This period of Bolivian history was marked by the tremendous economic crisis that the country faced in the mid-1980s as well as by the response adopted by its policymakers, which to a large extent was determined by foreign ideas and actors.

The debt crisis and the collapse of the price of the natural resources from whose exports Bolivia earned most of its income led to a disastrous economic situation. Between 1980 and 1985 the average annual inflation rate was 569.1 percent, which peaked at 26,000 percent in 1985 (Barr 2005:79). During the same period, the country's GDP decreased by 4.5 percent each year on average, and its debt-to-GNP ratio reached 136.8 percent in 1985 (see Table 4.3 for a comparison of Bolivia's economic performance to that of other developing countries in the early 1980s).

Table 4.3: Economic Performance of Bolivia and Selected Developing Countries, 1980-1985

	GDP Growth (annual rate) 1980-85	Inflation (annual rate) 1980-85	Debt-GNP Ratio 1985	Terms of Trade, 1985 (1980 = 100)
Bolivia	-4.5	569.1	136.8	86
Latin America				
Argentina	-1.4	342.8	56.4	88
Brazil	1.3	147.7	43.8	87
Mexico	0.8	62.2	52.8	98
East Asia				
Malaysia	5.5	3.1	62.0	85
Indonesia	3.5	10.7	36.6	97
Korea	7.9	6.0	43.0	105

Source: Morales and Sachs 1989:58

The left-leaning government of Hernán Siles attempted to control the situation through price controls and the suspension of payments on the mounting foreign debt (an indication of the velocity with which Bolivia's debt increased in the 1970s and early 1980s is given by the data in Table 4.4).

Table 4.4: Bolivian External Debt, 1970-1985

	1970	1975	1980	1981	1982	1983	1984	1985
Total debt (US\$ millions)	481.7	824.4	2,228.6	2,679.2	2,769.1	3,105.1	3,203.5	3,259.3
Debt/GNP (%)	46.3	46.2	78.1	89.3	102.6	111.5	115.9	124.8
Debt/Exports (%)	232.6	166.7	213.1	262.3	301.5	345.4	377.8	441.9

Source: (Morales and Sachs 1989)

However, the economic situation only worsened and Siles was forced to call elections in 1985. The new government, paradoxically led by one of the heroes of the 1952 Revolution, Paz Estenssoro, soon took a radical turn in economic policy and prepared a macroeconomic stabilization package consisting of radical liberalizing measures. The New Economic Policy (NEP), as the program was called, followed the dictates of the World Bank and the IMF, even if it was mostly generated within the country with the help of foreign consultants such as Jeffrey Sachs, a Harvard economics professor who played a prominent role as Bolivia's champion with international financial institutions (Kohl and Farthing 2009:65). Morales and Sachs (1989:74) argue that the NEP "was nothing less than a call to dismantle the system of state capitalism that had prevailed over the previous thirty years," and included the flotation of the exchange rate, tax reform, a reduction of the public sector, debt rescheduling, and a resumption of foreign

development assistance. The conviction with which neoliberal policies were pursued turned Bolivia into the poster-child for the implementation of structural adjustment programs (Kohl 2002:455).

The new policies had an immediate effect. The Bolivian currency depreciated 1,600 percent in one day, and with the stabilization of the exchange rate inflation dropped to a manageable level in just a week (Barr 2005:79; Morales and Sachs 1989:75). These successes, however, did not come without negative consequences. The retreat of the government from the economy left an output gap that deepened the crisis. At the same time, the price of tin, Bolivia's first export, collapsed in a matter of months. Between December of 1985 and May of 1986 the price of tin fell by over 40 percent in the world market,⁴⁶ which had severe implications for the Bolivian economy as a whole. A direct consequence was that the government closed all state-owned mines and about 30,000 miners lost their jobs. With them many other public and private sector workers suddenly found themselves unemployed, and this drove the unemployment rate up from 5.8 percent in 1980 to 20.5 percent in 1986.

As Table 4.5 shows, by 1993 the country's GDP per capita was lower than it had been in 1982, which justifies the label of 'lost decade' with which the 1980s are usually referred to. The outcome of the crisis and the application of the NEP was that, although the economy stabilized and Bolivia managed to successfully renegotiate its debt with the Paris Club to make its payment manageable (Lamdany 1989), the economy remained depressed and the social costs were extensive. Table 4.5 clearly illustrates another key consequence of the 1980s: Bolivia became

⁴⁶ In December of 1985 the price of tin was US\$9,144 per metric ton. By June of 1986, it had fallen to US\$3,669.8 per metric ton (IndexMundi 2012).

heavily dependent on official development assistance (ODA), particularly from multilateral institutions like the World Bank, which as we will see later had important implications for water policy.

Table 4.5: Evolution of Selected Economic and Financial Indicators in Bolivia, 1982-1993

	1982	1985	1988	1991	1993
GDP growth (annual %)	-3.9	-1.7	2.9	5.3	4.7
GDP per capita (constant 2000 US\$)	988	873	839	896	927
Interest rate spread (lending rate – deposit rate, %)	14.7	103.4	12.1	17.4	37.1
Inflation, consumer prices (annual %)	123.5	11,749.6	16.0	21.4	7.9
Official exchange rate (LCU per US\$, period average)	0.0	0.4	2.4	3.6	4.6
Current account balance (% of GDP)	-3.1	-5.3	-6.6	-4.9	-1.5
Total debt service (% of exports)	59.3	49.6	54.0	35.0	29.0
Total debt service (% of GNI)	10.4	7.4	8.6	6.5	6.0
Interest payments on external debt (% of exports)	44.9	22.7	17.6	14.6	13.3
Multilateral debt (% of total external debt)	18.2	15.1	26.3	42.2	46.7
Net ODA received (% of GNI)	2.8	4.0	9.7	9.9	9.7
Net ODA received (% of imports)	13.0	17.9	37.2	36.3	36.1
Net ODA and official aid received (2009 US\$ millions)	362.6	483.3	717.9	750.0	765.2
Unemployment, total (% of total labor force)	11.0	18.6	18.0	6.6	3.1

Elaborated by author with data from World Bank 2012c

ODA was one of the sources of funds with which Bolivia tried to mitigate the social consequences of adjustment. Kohl and Farthing (2009:66) argue that “[f]rom 1985 to 2005, roughly half of Bolivia’s public investment was supported by international aid, averaging about 9 percent of the gross domestic product (GDP) annually.” Resources provided for social policies by bilateral agencies and the World Bank were first devoted to general social funds from which specific investments were made. This approach changed in the early 1990s towards the adoption

and funding of sectoral policies, which is the channel through which the Bank became involved in water provision in Bolivia .

Another consequence of structural adjustment which was to have long-ranging repercussions was the collapse of the corporatist system of political representation. With liberalization and the retreat of the state from the economy there was a drive to rationalize and flexibilize production which, in practice, implied outsourcing to non-unionized firms, creating obstacles to the formation of unions, and a rapid increase in the percentage of workers operating in the informal economy, which reached 68 percent in 1995 (Webber 2008:35,37). The ensuing decline of the labor movement led to the loss of influence of the COB, and this in turn meant that workers and peasants lost their sole channel to articulate their interests and make demands to the authorities (Barr 2005:83).

This set in motion a process that ended with the collapse of the system of political parties and the emergence of new actors in the 2000s. In the short run, however, it brought the birth of new forms of popular expression of protest such as social movements which would become central around the turn of the century. A particularly interesting development to which I will devote more attention in subsequent sections was that for the first time since the National Revolution had incorporated them into the mass of workers, indigenous peoples regained conscience of their indigenous identity and used it as the basis for mobilization (Rivera Cusicanqui 1991).

The New Economic Policy was focused on macroeconomic stability, liberalization and fiscal reform. Yet from the early stages of the Paz Estenssoro administration (1985-1989) the

World Bank and the IMF pressured Bolivia to privatize the state's public enterprises. However, wary of the implications that the privatization of profitable public enterprises would have for public finances, Paz Estenssoro refused to incorporate this dimension to his reforms. It was not until 1992 that the Paz Zamora (1989-1993) government timidly gave in to the Bank's requests and passed a Law of Privatization that authorized the sale of 30 small state firms. The real embrace of this policy, however, only came when Gonzalo Sánchez de Lozada rose to power in 1993.

4.2.2. Social neoliberalism in the 1990s

Sánchez de Lozada had been the Planning Minister during the Paz Estenssoro administration and played a key role in the development of the NEP. He had been raised in the United States, owned Bolivia's largest private mining company, and was a stark proponent of liberalization and privatization. During his extremely active presidency Sánchez de Lozada set in motion a second wave of reforms that attempted to overcome the state weaknesses that were assumed to underlie the country's economic problems. His *Plan de Todos* (Plan for Everyone), as the new set of policies was called, contained a thorough reform of the Bolivian state as well as of its relationship to the citizenry. According to Matus (2003:137), the goals of the Plan were to integrate and incorporate the population through a multi-ethnic and multi-cultural conception of the state, thus overcoming the gap in political representation created by the decline of corporatism and the COB; to increase state efficiency; and to strengthen the traditional functions of the state.

The *Plan de Todos* is hard to categorize. This is because although it pursued further

liberalization, the privatization of state enterprises, and a reorientation of the economy to attract foreign investment, policies which are often labeled as neoliberal, it also included social, cultural and participatory components that could easily be described as progressive. In fact, Sánchez de Lozada and his party, the MNR, pitched the *Plan* “as a social-market solution to the development-problems facing Bolivia” (Webber 2011:136), and Barr (2005:70) praises it for containing “some of the most radical and innovative political reforms in Latin America.” What are these radical components?

One example is the form of privatization of state enterprises known as ‘capitalization.’ This was a novel approach to privatization because, as Sánchez de Lozada was keen to emphasize, none of the money raised from the sale of state firms was directed to the government’s budget, but was instead re-invested in the privatized firms. This move made sense because 50 percent of the shares of the newly privatized entities were kept in a public fund that belonged to all Bolivian citizens. The interest generated by this fund were then used to pay for the freshly created Bonosol, a pension paid to all Bolivians 65-years old and older. This was, in fact, the first time that there was a national retirement pension in Bolivia.

Two related initiatives included in the *Plan de Todos* were the Law of Popular Participation and the Law of Administrative Decentralization, which together completely restructured the state’s administration. Bolivia had been until that point a very centralized state, a feature that the new laws tried to revert. They created 311 new municipalities and transferred a wide array of competences to them, as well as 20 percent of the tax revenues raised by the government (Barr 2005:82; Centelles and Navarro 2003:319). Mayors would be for the first time

directly elected by the population for a period of five years (until then they were appointed), and municipalities were given significant control over local resources and decision-making. Most notably, a direct role in municipal government was given to civic organizations, the so-called Organizaciones Territoriales de Base (Grassroots Territorial Organizations, or OTBs) in order to bolster local representation through participation (Barr 2005:82).

Despite its complexity, the new administrative structure was operational within a year from the adoption of the laws. However, there were also problems. Centelles and Navarro (2003:342,344), for instance, point out that decentralization did not overcome the problems of clientelism and patronage, but instead opened up the municipal level to the influence of these institutions. They also argue that, as it had happened in South Africa, the newly created instances of coordination and planning did not work properly for lack of resources and capacity.

A further element of Sánchez de Lozada's approach was the embrace of multiculturalism. His government broke with the discourse of integration that had been dominant since the Revolution and, astutely perceiving the emergence of a new indigenous political identity, promoted a new Constitution that recognized "the social, economic, and cultural rights of indigenous peoples," as well as their authorities and administrative procedures (Kohl 2003). The pursuit of indigenous support (and votes) was reinforced with Sánchez de Lozada's choice of a popular indigenous activist, Víctor Hugo Cárdenas, as his Vice-President (Webber 2011:135).

Privatization is usually part of a broader drive to change the role of the state, which shifts from being a provider of services to a regulator of the services delivered by private actors. In

order to implement this transition, Sánchez de Lozada established a new system of sectoral regulation (Sistema de Regulación Sectorial, or SIRESE). “The key goal of the sectoral regulatory system is to correct the imperfections of the market through the promotion of competition wherever possible or its simulation in those sectors where competition is not possible” (Prats 2003:409). The SIRESE was organized as a series of independent institutions called ‘superintendencies.’ A general superintendency was in charge of overseeing the whole system, and five different sectoral superintendencies were tasked with regulating hydrocarbons, electricity, telecommunications, transportation, and water provision (Prats 2003:410). The main functions of the superintendencies were granting rights, promoting competition, sanctioning service rates, verifying that the firms saw their obligations, and dealing with user complaints. Following the recommendations of international organizations, the SIRESE was funded from an autonomous source, the regulation fee, which taxed 1 percent of the gross income of all regulated firms (Kohl and Farthing 2006; Prats 2003:410).

In his review of the regulatory system, and although he stresses its successes, Prats (2003:433-437) identifies a series of significant weaknesses. First, he argues that despite the supposed autonomy of the superintendencies, they were in fact part of the executive branch of government, and as such they were pressured not only by the regulated firms but also, very strongly, by politicians. Bolivia had a strong culture of political interference in state management which did not disappear with the new institutional setting. Moreover, there was some confusion about which tasks should be performed by the executive branch of government (the corresponding ministries) and which by each superintendency. Second, Prats points out that the

superintendencies had an acute shortage of capacity, both because of the lack of clear legislation about what the regulatory organs had to do and because of a shortage of trained professionals. Third, Bolivia did not have a ‘regulatory culture.’ Consumers were not organized and did not know how to interact with the superintendencies in order to raise and address grievances, which hampered their performance. Finally, the country just did not have enough experience or legislation establishing what competition is and how it should be promoted. The result was that the regulated firms often managed to engage in abusive practices without penalty.

The (first) presidency of Gonzalo Sánchez de Lozada thus continued the reforms started in the 1980s and supplemented them with a range of new initiatives that attempted to give a ‘social face’ to privatization and liberalization. As we will see, these policies were at the core of the developments that the water sector experienced at the turn of the century, and thus we will have to keep them in mind as we advance in our investigation.

In 1997, Sánchez de Lozada was succeeded by Hugo Banzer, who had been the leader of a military dictatorship in the 1970s. Banzer’s presidency did not change the government’s policy orientation, although he presided over the attempts to privatize water provision in La Paz/El Alto and Cochabamba, and in the latter case was responsible for the military response to the popular movements that emerged to fight the privatization deal. I will explore these issues in detail in the next section, devoted to water issues in Bolivia since the 1980s.

4.2.3. Water policy since the return to democracy

4.2.3.1. Water under structural adjustment

Bolivia’s pressing economic problems during the 1980s did not leave it much room to focus on

the water sector, even if water access in the country presented serious problems. A World Bank and WHO study undertaken in 1973 found that Bolivia had one of the lowest levels of coverage of water and sanitation services in Latin America, with 56 percent of the urban population served with clean water and only 4 percent in rural areas. The figures were even more disheartening in regards to sanitation, with a coverage of 23 percent in urban settings and a mere 3 percent in rural environments (World Bank 1976:2). At the time, the World Bank qualified the government's goals for the water sector as "modest" due to its prioritization of the development of minerals and other natural resources (World Bank 1976:2), which is an indicator of how neglected the water sector was in the developing world until the 1970s and why the international community tried to raise the profile of water issues through the Mar del Plata conference in 1977 and the International Drinking Water and Sanitation Decade in the 1980s.

Most of the resources to invest in water infrastructure at the time came in the form of aid from bilateral development agencies (such as the German GTZ) and the IADB. Besides financial constraints, the World Bank also identified institutional weaknesses and proposed the decentralization of responsibilities in rural water supply in order to improve the operation of the service and provide local control (World Bank 1976:i). With this goal in mind, the Bank funded its first project to upgrade and expand water infrastructure in Bolivia in 1976, which was focused on 70 rural communities and the cities of Potosí and Sucre.

Eleven years later, after the completion of the project, the World Bank assessed its results and concluded that, remarkably given the trying times through which the country was going, the 'physical' goals of the initiative in rural areas had been achieved. However, it acknowledged that

the institutional targets were not met because the economic and political turmoil weakened the Bolivian institutions in charge of the project, as they suffered from constant personnel turnover, lack of funds and declining capacity. The outcome was that there had been no decentralization in rural areas or improvement of operation and maintenance practices (World Bank 1987).

Interestingly, when the World Bank discussed the situation in urban areas, where the project had failed, it pointed out that water companies were subsidized and did not have

sufficient financial capability without tariff increases and other measures to cover operating expenses, debt service and the counterpart financing for the project. It was only with great reluctance that loan covenants were accepted by the water companies to increase their cash generation (through tariff increases ...), to install water meters ..., and to repay the Government for the Bank loan. These same issues ultimately resulted in the cancellation – at the request of the Government – of the urban components of the project. (World Bank 1987:3)

This is a very significant statement because it manifests on the ground and in application to a real project the principles that the World Bank had begun to advocate at the international level and which I explored in chapter 2. We find here the need for tariff increases, the opposition to subsidies, the support for the installation of water meters, and the general negative view of the role of public water utilities which made sustainable water provision difficult.

It was precisely because of the economic and political troubles that hindered the World Bank project that we do not find any major developments in the Bolivian water sector in the 1980s. Following the encouragement of the international community through the International Drinking Water and Sanitation Decade, Bolivia put together for the first time a national program for the water sector in 1981. The plan “consistently called for over-optimistic service coverage and investment targets, which the sector institutions, just as consistently, ... failed to achieve”

(World Bank 1990:7).

This plan was thus reviewed in 1988 to establish new priorities for the following decade, which included the view that “most operating agencies should cover their operating costs, maintenance and replacement of facilities and debt service from their revenues.” In its evaluation of the plan, the World Bank approved: “The principles underlying the plan are thus positive” (World Bank 1990:7).

We see, then, that at the time when Bolivia was subject to structural adjustment programs and was embracing market-oriented economic policies, even if it was not devoting too much attention to the water sector it started to incorporate the World Bank’s views in its national approach. As the negative social outcomes of adjustment became evident and the Bank increased its investment in social policies in Bolivia, the water sector became one of the foci of attention.

In 1990, the World Bank approved a US\$35 million credit destined to improve water and sanitation services in Bolivia’s three largest cities: La Paz, Santa Cruz, and Cochabamba. Consistent with the lessons of the 1980s, which shifted the attention of the water sector from infrastructure to management, four of the five main goals of the project focused precisely on management issues. Among these, the World Bank emphasized the rationalization of tariffs and cost control. When confronting the possibility that tariff increases could reach unaffordable levels, the Bank proposed in the project appraisal report that the Bolivian government “establish efficiency standards for the operating agencies” (World Bank 1990:8). This is significant because it shows that, although the Bank was aware that the increase in tariffs necessary for cost recovery was too high for the population, it assumed that the rise in the price of water could be kept within

manageable margins through increases in efficiency. As we will see, this assumption underpinned some of the failures that the World Bank would experience later on in the country. It is noteworthy, however, that the main document for this project does not even mention privatization or private sector participation in any way.

In terms of the legal framework for the water sector in Bolivia, neither the International Decade, nor the economic crisis or the World Bank projects had brought any changes in the 1980s. In fact, at the beginning of the 1990s the main law that regulated the sector was still the Water Law of 1906. Bustamante (2002) claims that, since the 1970s, there have been 32 different proposals for a new water law that reflects the changing environment and includes the hitherto absent water services. Yet none of these has been successful, to the point that even today the Water Law of 1906 is still in force (Bustamante 2011).

The legal immobility of the 1980s, however, was shaken in the 1990s. The first change came with the adoption of a new Law of the Environment in 1992, which was supposed to be the backbone of subsequent laws on particular resources. Drawing from the global processes of the previous decade in environmental thinking (which I reviewed in chapter 2), the law focuses on the concept of ‘sustainable development’ and attempts to provide a framework for the protection of the environment with that goal in mind. As far as water is concerned, the law paid particular attention to measures to avoid contamination and ensure water quality, although it contained no specific provisions about water services or drinking water quality.

As in many other areas, the pace of change increased after Sánchez de Lozada became president in 1993. With the focus on privatization and the shift of the government’s role from

deliverer of services to regulator, a string of sectoral laws were passed in the following years on whose elaboration the World Bank played an important role (Kohl and Farthing 2006). Table 4.6 provides a chronological list of these laws, as well as other relevant ones discussed above.

Table 4.6: Selected Laws Adopted in Bolivia, 1993-1997

Date	Title
3/21/94	Law of Capitalization
4/20/94	Law of Popular Participation
7/7/94	Law of Education Reform
10/29/94	Creation of National Regulatory System (SIRESE)
12/21/94	Law of Electricity
5/7/95	Telecommunications Law
7/28/95	Law of Administrative Decentralization
4/30/96	Hydrocarbon Law
7/12/96	Forestry Law
10/18/96	National Agrarian Reform Service Law
11/25/96	Modification of Tax Law 843 and Hydrocarbon Law 1689
3/10/97	Freight Transportation Law
3/17/97	Mining Code

Source: Kohl and Farthing 2006:88

Solón (2001:6) analyzes some of these laws and concludes that they were “oriented towards guaranteeing private investments” and, particularly referring to the water sector, he argues that “[f]ar from introducing coherence they generated more confusion, chaos, and superimposition of functions.” This is because each of these laws dealt with water issues in their respective sectors, establishing the conditions of water use for different actors. Yet these laws did not consider the possible conflicts over water use that could emerge between sectors or how to solve them, and

thus set up the stage for ongoing conflicts between users whose arguments are backed by different laws. This is precisely one of the reasons why it has been so difficult to pass a new general water law in Bolivia, since entrenched interests attempt to keep their water access privileges and refuse to compromise (Bustamante 2011).

As I mentioned above, the new regulatory system, the SIRESE, included a Superintendency of Water (later renamed Superintendency of Basic Services), which was in charge of dealing with these conflicts. The Superintendency's main task was to establish and regulate concessions for water use to different actors, not only for water services but also for water access for industries such as mining, agriculture or electricity generation. As far as water services are concerned, however, the Superintendency was only tasked with regulating the 20 largest municipalities in the country.

Until that point, most cities in Bolivia had systems in which either public authorities or consumer cooperatives provided potable water to the population (Mattos and A. Crespo 2000:71), whereas in the countryside it was common to find small-scale community-based initiatives (Bakker 2003b:338). The performance of these different systems varied widely, yet their aggregate outcome was that, as Table 4.7 shows, at the end of Sánchez de Lozada's presidency in 1997 less than 50 percent of Bolivia's households had piped water delivered inside the house, and in rural areas almost one quarter of all households had the closest clean water source more than 15 minutes away.

Table 4.7: Potable Water Coverage in Bolivia (1997)

Source of potable water	Urban area (% of dwellings)	Rural area (% of dwellings)	Total (% of dwellings)
Tap inside the house	47.0	6.5	31.9
Tap in the building	40.4	23.9	34.2
Tap outside	5.7	13.6	8.6
Well	3.0	23.5	10.6
River, lake, etc.	0.4	30.3	11.5
Delivery truck	2.6	0.1	1.7
Other	1.1	2.2	1.5
Water source within 15 minutes	98.9	76.7	90.6

Source: Mattos and A. Crespo 2000:78

It was in this context that, in 1997 and with the impulse of the World Bank, the privatizing drive that had affected many other areas reached the water sector. As we saw in the case of South Africa, privatization requires the prospect of profitability for profit-seeking private actors, thus it is only viable wherever there is the potential to collect enough revenue through tariffs to cover the costs of operation and still have a remainder to reward shareholders. It is in this sense that privatization is closely linked to full cost recovery. This is also the reason why, although the World Bank kept funding projects in rural areas and small localities of Bolivia through the 1990s (see, for instance, World Bank 1995), it only pushed for privatization in the two of the country's largest cities, La Paz and Cochabamba.

I mentioned above that in 1990 the World Bank launched a project to expand water access precisely in these two cities (as well as Santa Cruz, which was not privatized because it had a successful co-operative water utility), although it did not make any reference to privatization. However, on May 24th, 1996 Paul Isenman, the World Bank's country director, sent three similar letters to Bolivia's Minister of Finance and to the General Managers of La Paz and

Cochabamba's public water utilities (SAMAPA and SEMAPA respectively) officially notifying them of a change in the project (Isenman 1996a, 1996b, 1996c). The letter to the Minister read thus: "Pursuant to your request to extend the Closing Date of the captioned Credit, and in view of the Borrower's commitment to privatize SAMAPA and SEMAPA, ... we are pleased to advise you that the [World Bank] agrees to amend the Development Credit Agreement" (Isenman 1996a).

The wording of this passage might suggest that the Bank only acquiesced to Bolivia's offer to privatize SAMAPA and SEMAPA in exchange for an extension of the credit. Yet the new section included in the contract shows more transparently that the World Bank was setting the conditions of the credit and that privatization was one of them: "The Borrower shall take all actions necessary and advisable to ensure the timely initiation of the privatization processes of SAMAPA and SEMAPA by adopting for each such company a privatization strategy acceptable to the [World Bank] and advancing such privatization processes in accordance with such strategies" (Isenman 1996a).

A number of observers have pointed out the central role that the World Bank played in pushing for the privatization of water provision in Bolivia (see, for example, Mattos and A. Crespo 2000; Postero 2005; Kohl and Farthing 2006), a role that is recognized by Bank officials (Menahem Libhaber interview, Marco Quiroga interview). This does not mean, however, that water privatization did not have champions in Bolivia. In a difficult economic environment and with the hollowing out of the state, many water managers realized that a reduction of subsidies and state transfers would imply the need to increase water tariffs, a politically sensitive move.

Some of them saw privatization as a way to put other actors in charge of that process so that they could not be blamed directly. Moreover, in the late 1990s the global water regime was coalescing into a force that was successfully disseminating the view that full cost recovery and privatization were the most efficient ways of providing water, and thus many actors in Bolivia genuinely thought that this was the correct course of action (see the case of Cochabamba below).

How did the privatizations of La Paz and Cochabamba take place, and what were their effects? In the next two sections I review these cases in detail.

4.2.3.2. Privatization in La Paz/El Alto

The first privatization of water provision in Bolivia took place in La Paz/El Alto in 1997. La Paz is situated at the bottom of a ‘bowl’ embedded in the Andes, at an altitude of about 12,000 feet.⁴⁷ As poor indigenous people from the Bolivian highlands started to migrate in large numbers to La Paz in the 1950s, the city expanded by climbing the walls of the ‘bowl.’ At the top one of these walls lies a plain over which the city spilled forming the suburb of El Alto (which means ‘the heights’ in Spanish). Although technically a separate city since 1985, La Paz and El Alto have been served by the same water utility since the 1950s (which is precisely what made the latter’s growth possible) and they conform the largest metropolitan area in the country with over 1.7 million people, which is often referred to as La Paz/El Alto.⁴⁸ El Alto, however, is considerably poorer and more indigenous than La Paz. In the 2001 census, 61.2 percent of the inhabitants of

47 The altitudes at which different parts of the city are located range from 9,000 to 13,500 feet.

48 If La Paz and El Alto are considered separately, Santa Cruz is more populated than either and is thus the largest municipality in Bolivia.

La Paz self-identified as indigenous (the vast majority as Aymara), whereas the same figure in El Alto reached 81.3 percent. Even today, El Alto is still growing much faster than La Paz. In the period between the censuses of 1992 and 2001, La Paz grew annually at a rate of 1.11 percent, whereas El Alto increased its population by 5.10 percent each year (Instituto Nacional de Estadística 2005). This is significant because even if the coverage of the potable water service is similar in both municipalities, El Alto's rapid growth involves a faster need to expand the service to new areas, which moreover tend to be particularly poor.

As I mentioned above, as part of an agreement to extend a credit to improve water provision in Bolivia's three largest cities, the government agreed with the World Bank that it would privatize the water utilities of La Paz/El Alto and Cochabamba. In La Paz/El Alto, water services were provided by the *Servicio Autónomo Municipal de Agua Potable y Alcantarillado* (Autonomous Municipal Service of Potable Water and Sewerage, or SAMAPA) in a fairly successful way. Between 1989 and 1999 household water connections had increased in La Paz from 75 to 92 percent, while the percentage of households connected to the sewerage network rose from 50 to 60 (World Bank Operations Evaluation Department 2002:2). The Bank, however, argued that SAMAPA's performance was the result not of managerial efficiency but of 'momentum' (FOBOMADE 2005:6; Carlos Crespo 2004), and considered that further improvement and the solution to the general problems of public management (political interference, institutional weakness, unsustainably low water tariffs, high levels of non-payment) required the participation of the private sector.

Just one month after the new regulatory system, the SIRESE, was set up and the

Superintendency of Water launched its operations in early 1997, a consortium of consultancy firms formed by Halcrow, O'Melveny & Myers, and Bank Paribas, was hired to manage the bidding process for a 30-year concession contract to operate La Paz/El Alto's water services (FOBOMADE 2005:7).

In contrast with the usual practice for these types of contracts at the time, the main criterion chosen to assess the bids was the number of new connections to the water system. In earlier similar processes in the region, bidders were asked to specify the tariff rates that the private operator would charge given pre-established investment and service obligations yet, in this case, the need to expand service coverage in El Alto was given the highest priority. In an also unusually quick process, invitations to bid were issued the following April, and in late July the only bidder, an international conglomerate called Aguas del Illimani, S.A. (Illimani Waters, or AISA)⁴⁹ and led by the French multinational Suez, signed the concession contract.

AISA "committed to achieve 100 percent water coverage in La Paz and to install 71,752 new water connections in El Alto ... by December 2001." It also "committed to 90 percent sewer coverage in El Alto and 95 percent coverage in La Paz by 2021" (Komives and Brook Cowen 1998:1). Water tariffs were set in a progressive block tariff structure agreed at the time of the contract for a duration of five years, and they were charged in U.S. dollars converted to the local currency at the prevailing exchange rate each month (World Bank Operations Evaluation Department 2002:2). The contract also establishes maximum connection fees of US\$155 for water and US\$180 for sewerage (Komives and Brook Cowen 1998:2).

In contrast to what would happen in Cochabamba a few years later, the privatization of

49 Illimani is an impressive snow-capped mountain that is visible from most of La Paz and El Alto.

SAMAPA took place smoothly and without popular opposition. This was the result of a series of smart decisions during the transition process. One of them had to do with service tariffs. One of the tenets of the view of water as an economic good underlying the need to privatize water delivery is that tariffs should increase to reflect the true cost of provision. However, this has negative implications for the access to water of vulnerable populations, which is a potential source of contention. In order to avoid this problem, the concession contract established an average increase of water tariffs of 38.5 percent that, crucially, was applied *before* AISA took over SAMAPA's operations and was designed in a way that actually reduced water tariffs for a third of the city's households (World Bank Operations Evaluation Department 2002:2; Komives and Brook Cowen 1998:2). With this, AISA avoided the perception that tariff increases were linked to privatization thus diffusing potential objections by users, as it did with regards to public sector unions through its decision to retain all public-sector employees (World Bank Operations Evaluation Department 2002:2).

The progressive features of the concession contract, the smooth transition process and the good initial performance of AISA led the World Bank to use La Paz/El Alto as an example of a successful privatization, even referring to it as a "pro-poor concession" (Komives 1999) and as an "impressive achievement" (World Bank 1998:iv).

Was SAMAPA's privatization a remarkable accomplishment that improved the lives of vulnerable populations and ensured the efficiency and sustainability of water provision in La Paz/El Alto? Many observers disagree with the World Bank's assessment. Pérez (2005), for instance, begins by criticizing the bidding process, which in his view was completely opaque and

dominated by foreign consultants paid by the Bank. Public participation was never sought, and not even the mayors of La Paz and El Alto were consulted. The legislation that legalized the privatization was rushed and written particularly for SAMAPA's case (for instance, by allowing the concession to move forward even if there was only one bid), and the Superintendent of Water, who officially gave the concession to AISA, did so on the very same day he was appointed, which did not give him much time to study the contract (Pérez 2005; FOBOMADE 2005; Carlos Crespo 2004).

Alongside the criticisms of the bidding process, some analysts objected to the terms of the contract. Despite introducing progressive block tariffs and setting fixed water rates for five years, critics found unreasonable that the agreement also guaranteed AISA a 13 percent return on investment, as well as the indexation of tariffs to the Boliviano/US\$ exchange rate, which effectively removed all risks from the concessionaire and placed them on Bolivia and its citizens. Laurie and Crespo (2007:847) argue that “[d]ollarisation of tariffs ... hides increases which amounted to a 35% rise in the real costs of tariffs over the first seven years of the concession.” Moreover, the contract did allow an increase of 12.5 percent in the cost of connecting households to the system, bringing it up to US\$445, an astronomical amount for the poor inhabitants of El Alto (Pérez 2005).

Another line of criticism focused on how AISA used the vagueness with which some of the clauses in the contract had been formulated to avoid its obligations. A key area in which this took place was the extension of water services in El Alto, which was precisely the main goal of the concession. AISA had agreed in the contract to install 71,752 new water connections in El

Alto, yet instead of doing so by extending the network, it merely established connections to new dwellings in already served areas as these became more densely populated through the subdivision of large plots of land, which allowed the company to avoid onerous investments (Laurie and Carlos Crespo 2007:845). Moreover, AISA publicized with great fanfare that it had achieved a coverage of 98.85 percent in El Alto, yet the firm included in this figure households located in areas where the network had been extended but which remained unconnected because they could not afford to pay the connection fee (Pérez 2005; Laurie and Carlos Crespo 2007).

AISA's investments became controversial for yet another reason. As I argued in chapter 2, one of the justifications for private sector participation in water provision was that the public sector did not have the resources necessary to expand infrastructure and that the private sector would invest large amounts of funds in the water domain. The privatization contract in La Paz/El Alto included an investment target of over US\$80 million for AISA, yet in the end the company only invested US\$52 million in the first five years. More relevant, however, is the fact 40 of those US\$52 million came from soft loans from multilateral aid agencies, with the outcome that in the end international cooperation institutions effectively subsidized the investments of a multinational firm (Pérez 2005:3).

Closely related to the previous point is the criticism of the World Bank for, in 1999 and through its financial arm, the International Finance Corporation, becoming one of AISA's shareholders by investing US\$1 million and thus acquiring 8 percent of its capital. Pérez (2005:8) objects to the fact that this made the World Bank a driver and manager of the privatization process as well as an interested party through its stake in AISA. The implication

was that, if problems emerged and the firm was not prioritizing the interests of Bolivia and its population, the Bank would have a strong incentive to side with AISA.

Another problem resulted from the attempt to expand access to sanitation through appropriate, pro-poor technology. AISA introduced what is commonly known as the 'condominial system' in El Alto, which is a simplified, shallow type of sewerage. This system requires less water and infrastructure, and thus is about 30 percent cheaper than conventional sewerage, although it needs to be manually cleaned by its users regularly. This was seen by AISA as an affordable solution for poor areas that, by requiring community participation in its construction and operation, gave users ownership of their sanitation system. Critics argue, however, that when the work that the community performs is factored in the system becomes more onerous for the population than conventional sewerage, for whose maintenance they would not be responsible. An initial assessment by the international donors who funded the project showed high levels of acceptance and satisfaction among the inhabitants of El Alto. However, Laurie and Crespo (2007) argue that when they visited the affected neighborhoods ten months after the condominial system was installed the situation had changed substantially. They claim that, after some time, the new connections started to cause problems:

Levels of water consumption are low because users in El Alto tend to have a single water point (normally in the patio), resisting installation of bathrooms, showers and laundry areas due to the increased costs involved (installation costs, increased water consumption, and the additional costs of heating and pumping water). Low levels of consumption, coupled with the lack of slope in El Alto, meant that the flow of water through the system was poor. As a result, the removal of sewerage is slow and blockages frequently occur, representing health risks and producing foul odours. (Laurie and Carlos Crespo 2007:849)

This statement raises an extremely important issue about the effects of privatization and of

policies based on the view of water as an economic good in general. One of the rationales usually advanced to support the management of water as an economic good is that only if water is valued properly, that is at its true cost, will consumers use it judiciously and not waste it. Yet it is also true that, for privatization to be feasible, firms need to be able to raise enough revenue to generate profits. And revenues depend on consumption, which means that, to the extent that there is no severe scarcity, it is in the interest of water companies to encourage the consumption of water. This is the same logic behind the origin of modern water provision systems in the 19th century that I described in chapter 1: private firms only operated in wealthy neighborhoods where households were able to pay the full cost of water services, a practice referred to as ‘cherry-picking.’ It was precisely to extend water access to everybody regardless of their ability to pay that the public sector took over the ownership of water utilities in the first place. What is the outcome, then, of having a private firm provide water in poor neighborhoods?

As we have seen already, in the case of El Alto the consequences included the increase in water tariffs and the reluctance of the company to extend its service networks to poor areas where it would have a hard time making a profit. But the effects of the condominium system in El Alto show another type of implication. Poor people will adjust their consumption of water to match their economic means, and thus will buy less water the more expensive it is. This means that a private operator who is obligated by contract to provide water in poor neighborhoods will have an incentive to encourage higher levels of consumption among its customers. This is precisely what happened in El Alto. The low water consumption of the poor indigenous inhabitants of El Alto was quickly identified as a problem that had to be remedied by AISA and

the institutions that supported privatization. The World Bank wrote in 2002 that “[h]igher tariffs have reduced per capita consumption from 110 to 87 litres per person per day – undercutting income such that the concessionaire is considering a campaign to promote water use” (World Bank Operations Evaluation Department 2002:2), while Arnaud Bazire, AISA’s French Director General, described the residents of El Alto as the worst consumers in the world (El Diario 2000). Poupeau (2002) quotes an engineer of the Fondo Nacional de Desarrollo Regional, a government agency in charge of promoting and funding private sector participation, as saying: “These people grew up without water and obtained it from public sources or directly from rivers. They were used to not having water access inside their homes. It is a matter of culture. They have to learn to bath once a day, to water their plants, to wash their cars” (translated from the original French by the author). These quotes provide not only evidence of the problems faced by AISA in El Alto, but also of the racist undertones through which some actors made sense of the situation. Indigenous people were portrayed as dirty and in need of adopting modern hygiene practices, hence implying that the problems experienced in the new system of water provision were not inherent in the policies themselves but were caused by the backwards behavior of the population. More fundamentally, however, this episode highlights an emerging contradiction: the policies derived from the view of water as an economic good, which were supposed to value the resource properly and thus contribute to saving it, were in fact pushing people who already used water very efficiently to consume *more*.

Related to the low levels of consumption of the inhabitants of El Alto were the unexpected consequences of AISA’s failure to install meters in that city. Following the logic of

water as an economic good, the privatization contract established that AISA would install meters in the concession area in less than three years in order to properly monitor consumption and charge customers accordingly. The low levels of water use and hence of revenue generated in El Alto, however, made the installation of meters uneconomical and thus AISA did not fulfill this obligation. From what we saw in our exploration of the South African case in chapter 3 we could think that this was a good development for the poor citizens of El Alto, since it meant that they would only be charged a flat rate that would not be related to the amount of water consumed. However, Laurie and Crespo (2007:846) argue that the opposite was the case:

In areas with no meters prices are fixed according to the value of housing. Dwellings valued at less than \$25,000 where the poor live, pay \$2.38 monthly for each connection. Those with a metered system in El Alto, however, pay much less (\$0.75-\$0.88) due to low consumption rates. As a consequence, poor users without meters continue to 'overpay' for their water because they are charged at the average rate established by the Company.

This is very significant given how the view of water as an economic good is often promoted. A usual argument in its favor is that only the price mechanism, that is the market, can force people to value resources properly and thus curtail their consumption. Yet this example shows how the inhabitants of El Alto keep their water use at a minimum without the need of markets and prices. This is not surprising if we take into account that the Aymaras of the highlands of Bolivia have had to deal with water scarcity for centuries and thus have culturally adjusted to use minimum amounts of the resource. But it is still relevant because it questions the assumption that market incentives are the only means to regulate water use. It also puts emphasis on the importance of the presence of indigenous cultures in El Alto. These groups have a relationship with water and its use that does not necessarily elicit the type of behavior that we would expect from citizens of

market societies, and the implications for water policy are that the ‘rational’ behavior anticipated (and sought) by water firms and financial institutions does not take place.

The evaluation of the privatization of SAMAPA provides an example of the practical problems that the implementation of abstract policies creates on the ground. As I argued in chapter 2, the discourse of the global water regime presents the views of water as an economic good and water as a right as compatible and mutually necessary, yet it is only in their application in specific contexts that this compatibility can be assessed. This case shows that tensions and trade-offs emerge when market-oriented policies are adopted in the water sector in certain circumstances, and these need to be considered if water policies are to be successful.

Given the weaknesses that I just identified, what was the outcome of the privatization process in La Paz/El Alto? As we will see below, the criticisms of AISA were not only waved by intellectuals and external observers. The inhabitants of El Alto were acutely aware of how the new water utility affected their access to the resource and acted accordingly to defend their interests. However, before we can explore social mobilization in El Alto we need to pay attention to the case of Cochabamba, where protests over water privatization first started and after which the subsequent events in El Alto were modeled.

4.2.3.3. Privatization in Cochabamba

Originally, the Bolivian government tried to privatize the water utilities of La Paz/El Alto and Cochabamba together in a joint deal. However, opposition in Cochabamba and lack of interest on the part of investors in Cochabamba’s water utility, the *Servicio Municipal de Agua Potable y*

Alcantarillado (Municipal Service of Potable Water and Sewerage, or SEMAPA), convinced the government to go ahead with the privatization of the more attractive SAMAPA in the capital and leave Cochabamba for later on (Laurie and Carlos Crespo 2007:843-4).

Why was Cochabamba less attractive than La Paz/El Alto? As I showed in my historical exploration of water provision in Cochabamba in section 4.1.2, the area where Cochabamba is located suffers significant problems of water scarcity and competition over the resource by different types of actors. La Paz and El Alto get their water from the nearby Tuni Condoriri glacier, from which it reaches the city by gravity and thus does not require expensive transportation, storage and pumping infrastructure. Cochabamba, in contrast, only has limited water sources nearby, and since the 1950s it has been clear that in order to accommodate increasing demand the city would have to bring water from afar. Almost 60 years ago, the Misicuni river, 73 km away from Cochabamba, was identified as the ideal location for the construction of a dam from which water could be transported to the city through a series of tunnels and canals. However, by the late 1990s the Misicuni project had not been set in motion and Cochabamba's water scarcity woes had become severe. This implied that whatever privatization deal was reached would have to consider the funding and construction of the Misicuni project.

A further challenge was that SEMAPA faced a series of problems that made it particularly unattractive for private firms. First of all, it presented high levels of inefficiency and corruption, with a large work force that provided a poor service. Moreover, SEMAPA only serves about 57 percent of the inhabitants of Cochabamba (Nickson and Vargas 2002:104). The other half, mostly

living in the impoverished South side of the city, relies on a system of community-organized cooperatives which are grouped under the banner of an association called *Asociación de Sistemas Comunitarios de Agua Potable de la Zona Sur de la Ciudad de Cochabamba* (Association of Potable Water Community Systems of the South Side of Cochabamba, or ASICASUR), which operates independently from SEMAPA. As we will see below, ASICASUR has become a powerful stakeholder, and its presence introduced another hurdle for the privatization process. Finally, the lands surroundings Cochabamba are the site of operation of medium-scale farmers who depend on irrigation for their activities, and thus have a strong interest in the management and allocation of the region's limited water resource. These farmers, popularly known as '*regantes*' (irrigation farmers), are well-organized in the politically influential *Federación de Regantes de Cochabamba* (Federation of Irrigation Farmers of Cochabamba, or FEDECOR).

Despite all these complicating factors, once the privatization of SAMAPA in La Paz/El Alto was successfully achieved, the government took on the task of bringing about the same outcome for SEMAPA in Cochabamba.

When the World Bank negotiated with the Bolivian government the extension of its credit for water projects in the country's largest cities under the condition that they be privatized, there was no legal framework to regulate this process. In order to facilitate the privatization of La Paz/El Alto, the executive passed by decree a *Reglamento de Organización Institucional de las Concesiones del Sector Aguas* (Regulations for the Institutional Organization of Concessions in the Water Sector) in June of 1997, just one month before the contract was signed (Carlos Crespo

2004). Soon afterwards, however, the government started to work on the draft of a law that would legalize concessions and assist in the process of privatizing SEMAPA in Cochabamba. The result was Law 2029 of Potable Water and Sewerage, which was passed by the Bolivian congress in October of 1999.

Law 2029 introduced a regime of concessions (for 40-year periods for towns with more than 10,000 inhabitants) and licenses (for 5-year periods for all other population centers) for water provision that could be granted to any institution with legal status, thus making privatization legal. Assies (2003:17) argues, however, that “the conditions for granting concessions clearly favored the formation of large enterprises that functioned according to market criteria.” Concessions were to be granted by the Superintendency of Water. The law also established that the tariff rate structure should be based on the criteria of neutrality, solidarity, redistribution, simplicity, transparency, economic efficiency, and financial sufficiency. Most importantly, however, was the provision determining that, in case of conflict between criteria, economic efficiency and financial sufficiency were to take precedence (O’Neill 2006:367). This is another revealing example of how the compatibility between economic and equity concerns projected by the global water regime plays out on the ground. Bolivian authorities drew from the principles of the regime establishing criteria that referred both to equity and efficiency to guide the pricing of water. Yet the government was also aware that, in practice, these goals can enter into conflict with each other. When that happened, the law was clear: efficiency should take precedence over equity.

Another important element of the law was the stipulation that concessions were to be

granted as “monopolies for the provision of water in a given region, thus forcing small-scale cooperatives, wells and other sources of water delivery to connect to the concessionaire’s network” (De La Fuente 2000:2). This was to have serious implications for Cochabamba where, as I mentioned above, a third of the city’s inhabitants are not connected to SEMAPA’s network and obtain their water from systems that they have built and operate.

According to Bustamante (2005), Law 2029 was the outcome of a government initiative with almost no input from societal actors. Several consultants contributed to the law, with the IADB playing a particularly important role. The final law was drafted at the residence of Sánchez de Lozada (who was not the president at the time) and its passing was guaranteed by a “gentlemen’s agreement” among the three dominant parties (Kruse 2005:145). As a result, the rights of peasants and indigenous peoples to water resources are completely absent from the document. Similarly, the law establishes that the concessions and licenses are to be granted by the Superintendency, with no role for local governments and users in making the decisions (Assies 2003:18).

The process to privatize SEMAPA started in 1997, yet it took two years for it to come to fruition mostly because of Cochabamba’s water scarcity and its implications for the Misicuni project. The initial tender considered the Misicuni project as the best solution to address Cochabamba’s water problems. However, in its original state Misicuni was a multi-purpose project that would provide water for domestic consumption but also for irrigated agriculture and energy generation. This implied the construction of a 120 meter-high dam estimated to cost US\$300 million. The World Bank conducted a feasibility study and concluded that Misicuni was

unviable and that a smaller project that would bring water from the already built Corani project, which would only cost US\$90 million, should be adopted. Corani had been developed in the 1960s as an electricity generation project, and it had been privatized in the mid-1990s (Laurie and Marvin 1999). Its use as a source of water for Cochabamba had been championed by Sánchez de Lozada during his presidency (1993-1997), but opposed by local forces who were interested in the larger Misicuni project.⁵⁰ When Sánchez de Lozada lost his bid for re-election in 1997 the Corani option lost its main supporter and slid to the background until the World Bank unearthed it again (Nickson and Vargas 2002:105-6).

The tender was thus revised to include the obligation for the concessionaire to buy the city's water from the Corani project. Yet the process was then stopped once more, this time by a legal challenge from Cochabamba's mayor, Manfred Reyes Villa, who campaigned against the privatization of SEMAPA and successfully convinced the Supreme Court that the concession did not comply with the country's procurement law. Most observers agree, however, that the true reason for the challenge was Reyes Villa's opposition to purchasing water from the Corani project given that he was a stark supporter of Misicuni (see, for instance, Laserna 2000; Kruse 2005; Nickson and C. Vargas 2002; Laurie and Marvin 1999; Woodhouse 2003).⁵¹

A second attempt to move ahead with the privatization, this time including the Misicuni project, was made in 1998. Fifteen companies showed interest initially, but most of them withdrew from the process soon after. The remaining firms, led by San Francisco-based Bechtel,

50 The support for these projects became so polarized that the two camps came to be known as 'misicunistas' and 'coranistas' (Carlos Crespo 2000a).

51 For a detailed account of the history of the Misicuni and Corani projects in the context of water provision for Cochabamba, see Laurie and Marvin 1999.

formed a consortium called Aguas del Tunari (Tunari Waters)⁵² which became the only bidder (Laserna 2000). This nullified the entire process because Bolivian law required at least three bids, but instead of starting a new round of bidding with different conditions, the government negotiated a contract directly with Aguas del Tunari. This process of negotiation was criticized for taking place in a secretive way and without any public participation, to the point that the contract included strong confidentiality clauses (Kruse 2005:143). In June of 1999 an agreement was reached, and on September 3rd, 1999 the concession was granted to Aguas del Tunari.

As I mentioned above, many analysts stress the role of the World Bank in pushing for privatization and using its leverage to force the government to agree to the concessions of SAMAPA and SEMAPA. But the evidence shows that there was a high degree of domestic support for privatization in Cochabamba. President Banzer traveled to Cochabamba for the signature of the contract, which took place in an official ceremony with much fanfare. He was flanked by local and departmental authorities, among them the mayor Reyes Villa (who had previously opposed privatization and now embraced it) and the president of the influential Civic Committee (Laserna 2000; Kruse 2005; Nickson and C. Vargas 2002; Laurie and Marvin 1999; Woodhouse 2003).⁵³ All political parties, with the exception of the MNR, supported the privatization.

There were a few discordant voices which came from Cochabamba's environmental movement, the *regantes*, and the small and mostly unknown Committee for the Defense of

52 Cerro Tunari is a 5,000 meter-high mountain next to Cochabamba. It is the highest point in the Cochabamba department and it is part of the Tunari range.

53 Civic Committees were created in the 1950s, when the National Revolution abolished municipal governments, to defend the interests of the citizenry with the central government. With the passing of time, however, they became tools of Bolivia's elites for the defense of their economic interests.

Water. These actors had been working on one of the proposals for a new general water law in Bolivia and were shocked to see the speedy adoption of Law 2029, which legalized privatization as well as some practices and policies that they rejected. The opposition to the concession, however, was marginal and thus the contract was signed without much resistance (Laserna 2000:17).

The main reason for the overwhelming support for the privatization of SEMAPA seems to have been the promise of the implementation of the (by that time almost mythical) Misicuni project (De La Fuente 2000; Laserna 2000). De La Fuente (2000:1-2), for instance, comments on how much a prominent politician of the MIR party, to whom he sarcastically refers as the ‘king of cement,’ was to benefit from the deal since he acquired a 5 percent stake in Aguas del Tunari.

However, the inclusion of the expensive Misicuni project in the privatization of SEMAPA – which, it is worth pointing out once more, was opposed by the World Bank (John Briscoe interview) – implied the need to raise the funds necessary for its construction. Since the logic behind the view of water as an economic good that underpinned the privatization required that the cost of water delivery be paid by users through tariffs, the necessary corollary was that water tariffs were to increase substantially. Kruse (2005:143-4) reports that Bechtel expressed some concerns about the popular reaction to such increases, but Bolivian authorities promised that they would be accepted by the population and the company “naively” believed them.

What was the content of the privatization contract? Following what Law 2029 would legalize a month later, the contract gave Aguas del Tunari the monopoly of water provision in Cochabamba for 40 years, which meant that it would have exclusive use of all water resources in

the city and that it would be the sole provider of water services within its borders. It also meant that the firm had the power to force households to connect to its network. The concessionaire was guaranteed a return on investment of 15-17 percent, which was indexed to the US dollar and to the rate of inflation in the United States. This rate of return was to be ensured through periodic reviews of tariffs. With regards to tariffs, the contract also specified a 35 percent average increase at the beginning of the concession, to which another 20.5 percent rise would be added once the Misicuni project started to bring water to the city.

On the social side, the contract established the mandatory expansion of the service to new areas with the goal of reaching 100 coverage in potable water and sanitation by 2034, although specific targets were to be revised every five years. It also introduced a new progressive block tariff structure that classified users in nine different categories depending on their level of consumption, thus implementing cross-subsidies from wealthy to poor citizens (Nickson and C. Vargas 2002:108). As we can see, similarly to the case of La Paz/El Alto Cochabamba's contract included progressive elements that were supposed to help poor citizens. But to what extent did these provisions succeed? Did the connection between water as an economic good and water as a right work in Cochabamba?

Aguas del Tunari took over SEMAPA's operations on December 1st, 1999, and the effects of the privatization did not take long to be felt. In contrast to the subtle way through which tariff hikes were handled in La Paz/El Alto, the increases in Cochabamba were applied in full in the first month of the concession. Despite the claims by Aguas del Tunari that it was sticking to its contractual obligations, many citizens flocked to the headquarters of the *Federación de Fabriles*

(Cochabamba's Federation of Factory Workers), which was collecting complaints from citizens, shocked by what they saw as outrageous increases. Vargas and Kruse (2000:11) provide several examples of families whose bills increased by as much as 285 percent in one month. Aguas del Tunari claimed that the poorest inhabitants of Cochabamba saw their water tariffs rise by only 10 percent, but the Democracy Center posted several scanned bills of poor households on its website showing 60 percent increases (Democracy Center n.d.). In a separate statistical analysis of company data, the Democracy Center found that, on average, the poorest inhabitants of Cochabamba's water bills increased by 43 percent (Democracy Center n.d.). Nickson and Vargas (2002:111-2), however, follow the company's line and affirm that the average increase was 35 percent, although there was much variability. They also claim that, in part, higher bills responded to increased consumption resulting from a reduction in water rationing, which was achieved by Aguas del Tunari's rapid action to reduce leakages and thus water losses.

Given these increases, we could wonder why the Bolivian government did not step in to subsidize water consumption for some time to make sure that at least the poor would not suffer, which would have contributed to the acceptance of the concession. But consistently with its philosophy of cost recovery and with what in chapter 3 I referred to as 'ring-fencing', the World Bank explicitly warned the government against such a measure. In its 1999 'public expenditure review' for Bolivia, the Bank wrote: "No public subsidies should be given to ameliorate the increase in water tariffs in Cochabamba, which should reflect the full cost of provision by the Misicuni multipurpose project" (World Bank 1999:Executive Summary). Let's remember that the World Bank had opposed the construction of the Misicuni project, which it deemed unworkable,

yet its commitment to the principle of cost recovery trumped any other considerations and thus the Bank urged the government not to subsidize water tariffs.

Another source of controversy came from the monopoly of water provision awarded to Aguas del Tunari in Cochabamba. As I mentioned above, 43 percent of the population of Cochabamba does not get its water from the city's utility. These citizens (many of them poor but others wealthy who wanted a more reliable water supply) found alternative ways of obtaining the resource, such as digging wells and building community systems on which they put much effort and resources, and which in some cases became people's livelihood. Privatization allowed Aguas del Tunari to install meters and charge people for water from their own wells, which was seen by many as an expropriation without compensation (O'Neill 2006:368; Woodhouse 2003:324). The planned expansion of the utility's network was supposed to benefit these groups, who in the long term would end up getting better service at lower cost. But in the short run, large sections of the population saw privatization as a threat to their interests (Nickson and C. Vargas 2002). The exclusivity over the control of water in Cochabamba granted to Aguas del Tunari was interpreted by critics as giving the firm 'even the property of rainwater,' which became a popular soundbite in the subsequent protests (Óscar Olivera interview).⁵⁴

Finally, the concession contract became a particular worry for the *regantes*, the irrigation farmers of the area surrounding Cochabamba. These relatively well-off farmers water their crops from underground sources and they have an independent system for managing and allocating water that has been working for generations and is based on their culture's *usos y costumbres*

⁵⁴ A Spanish film directed by Icíar Bollain and starred by Gael García Bernal in 2010, which was situated during the Water War in Cochabamba, was titled precisely 'También la lluvia' (Even the Rain).

(customs and traditions). The *regantes* had already entered into conflict with SEMAPA in previous years as the municipal utility attempted to extract more water from nearby sources, thus reducing availability for irrigation. Despite some assurances that their water sources were going to be respected, the farmers saw the privatization deal, with its exclusivity clause and the promise of service expansion, as a threat to their water sources (Woodhouse 2003; De La Fuente 2000; Nickson and C. Vargas 2002; FOBOMADE 2005).

During December of 1999, all these factors combined to generate a general feeling of outrage against the privatization of SEMAPA. Crucially, the rejection of the concession was not limited to a specific sector of the population. As I showed above, rich and poor, urban and rural, connected and unconnected to the system, all sections of the city's inhabitants had been negatively affected or feared that they would be. On December 28th, between 15,000 and 20,000 people protested against the privatization in downtown Cochabamba. Soon the different actors began to organize and created the *Coordinadora para la Defensa del Agua y la Vida* (Coordinator for the Defense of Water and Life), known simply as '*la Coordinadora*,' to make joint decisions and align their actions. On January 11th, 2000, *la Coordinadora* called the people of Cochabamba to mobilize in a demonstration that was to last three days and in which the citizenry demanded the revision of the privatization contract and of Law 2029 (O'Neill 2006; De La Fuente 2000). Cochabamba's Water War had begun.

The Water War lasted four months in which negotiations, mobilization and repression succeeded each other in an escalating confrontation that reached its zenith in April of 2000. After the army was sent to Cochabamba, the government declared the state of siege and the city's

streets became the site of blockades and violent clashes. The street fights resulted in one dead protester and hundreds more injured, but in the end the government caved in and the privatization deal was reversed. Aguas del Tunari left Cochabamba, the *llajta*'s water utility returned to public hands,⁵⁵ and the government agreed to modify Law 2029.

The Water War has been analyzed *ad nauseam* and thus I will not describe it here in any detail.⁵⁶ I am interested, however, in pointing out that the events of Cochabamba should not be understood as the outcome of local and isolated dynamics. The end of the 20th century found Bolivia in a complicated economic situation as well as dealing with the social consequences of privatization and liberalization. The traditional political parties were perceived as corrupt and untrustworthy, and indigenous identity was slowly becoming the basis for demands and mobilization from the population. This produced a heightened awareness of the way in which foreign actors had historically taken advantage of Bolivian resources and people, a feeling that was only reinforced by the impositions from international financial institutions and aid agencies in the previous decade. In that context, the negative effects of water privatization were quickly framed as the theft by a profit-seeking transnational corporation of a sacred resource, the blood of the Pachamama or Mother Earth in Andean indigenous cultures (Óscar Olivera interview). Cochabamba's Water War was thus just the beginning of a period of unrest in Bolivia that would only end with the rise to power of Evo Morales in 2006.

⁵⁵ *Llajta* is quechua for 'town,' as well as the nickname with which Cochabamba is affectionately known.

⁵⁶ Some notable examples are Assies 2003; Kruse 2005; Nickson and C. Vargas 2002; O'Neill 2006; Woodhouse 2012; Shultz n.d.

4.3. From the Water War to Evo's Victory

4.3.1. *The time of social movements*

As the Water War unfolded, social movements from other parts of Bolivia, such as the indigenous groups led by activist Felipe Quispe, rose up and protested in solidarity with Cochabamba, which is what drove president Hugo Banzer to declare a country-wide 90-day state of siege in early April of 2000. The Water War concluded soon after and the state of siege was lifted before the end of the month (Assies 2003). The return to normality in Cochabamba, however, did not mean the end of popular mobilization in Bolivia, quite the contrary.

Students of Bolivia have referred to the years between 2000 and 2005 as a “cycle of violent protests” (Barr 2005), “a reconfiguration of the political composition of the country” (Tapia 2007), “a crisis of representation” (Tórrez, Zegada, and Cámara 2008), an “indigenous-popular uprising” (Gutiérrez Aguilar 2008), or a “left-indigenous insurrection” (Webber 2008a). These descriptions capture the tumultuous times that Bolivia lived in the first few years of the century as well as the main characteristics of the changes it experienced.

According to Gutiérrez Aguilar (2008:84), *la Coordinadora* and the Water War in Cochabamba brought about four crucial changes: “a) people lost their fear; b) people regained their voice; c) people realized that they could win; and d) people stopped bringing their demands to the state and presented themselves as sovereign, that is, as a collective that had the capacity to meet, deliberate, decide, and implement” (translated from the original Spanish by author). These changes set in motion a wave of mobilization by indigenous peoples, peasants and workers who protested the neoliberal measures that the different governments of the MIR, ADN and MNR had adopted in the previous decade and a half (Kohl 2006:318). Still in 2000, the coca grower Evo

Morales and his 'cocalero' movement blocked roads in the Chapare region and demonstrated against the forceful eradication of coca plantations by the Banzer government, while Felipe Quispe mobilized his indigenous followers in the highlands. This turned both leaders into national political figures who worked outside of the traditional party system and represented the struggles of the oppressed.

In the 2002 national elections, González Sánchez de Lozada, who had presided the country between 1993 and 1997, won a second term. However, he ended only 1.5 percentage points ahead of the unexpected runner-up, Evo Morales, and one of the traditional parties, the ADN, lost 70 percent of its votes and virtually disappeared as a relevant political force (Mesa, Gisbert, and Mesa Gisbert 2008). Bolivia's political system was rapidly changing.

In February of 2003, the inhabitants of El Alto, disappointed with the outcomes of the privatization of water provision in their city, followed the example of their counterparts in Cochabamba and descended upon the headquarters of the concessionaire, AISA, in order to set them in flames in what was labeled by some the Second Water War (Pérez 2005:1-2; Eliodoro Equiapaza and Mercedes Condori interview). By then, Bolivia was immersed in what Barr (2005:70) refers to as a "continuous cycle of protest." It was in that context that Sánchez de Lozada made a deal to sell natural gas to the United States and Mexico via Chile, Bolivia's archenemy since it had left its neighbor without access to the sea as a result of the War of the Pacific (1879-1883). This infuriated the population and triggered a massive wave of nation-wide protests that became known as the Gas War. The president ordered the army to repress the protesters, which resulted in violent confrontations that left 112 people dead and hundreds

injured (Mesa et al. 2008). After that, the situation became unsustainable and Sánchez de Lozada was forced to resign and flee the country. The following two years saw two more presidents and constant instability in a country in which the hitherto excluded had adopted social mobilization as the channel through which they made their voice heard politically.

In 2005, new elections ended with the complete collapse of the previous system of political parties and the rise to power of Evo Morales, former coca grower and activist, first indigenous president in the history of Bolivia, and the leader elected with a highest proportion of total votes (54 percent) in the history of the country. The radical platform of his party, Movimiento Al Socialismo (Movement To Socialism, or MAS), had won the support of the country's indigenous majority and opened a new era in Bolivian politics.

I will explore the changes brought about by Evo Morales below, but first I will move back to the water sector to study what happened to water policy in Bolivia in the 2000-2005 period.

4.3.2. Water policy after the Water War

While in La Paz/El Alto water continued to be provided by the private operator AISA, in Cochabamba the water utility had returned to public hands and was called, once again, SEMAPA. How did this affect tariffs and water policy in general?

The first action taken by SEMAPA was the cancellation of all the tariff increases enacted by Aguas del Tunari, which brought water rates back to their pre-privatization levels. In its agreement with the government, *la Coordinadora* managed to appoint two of its members to SEMAPA's new temporary board of directors. *La Coordinadora* was aware, however, that

despite its victory the problems of water provision in Cochabamba and of SEMAPA in particular had not gone away. This became a more pressing issue once SEMAPA started receiving attacks for being corrupt and mismanaged from the government and local elites, problems for which the directors appointed by *la Coordinadora* were directly blamed (De la Fuente 2003).

Conscious of the weaknesses of the public sector in Cochabamba, which was ruled by a party, Nueva Fuerza Republicana (New Republican Force, or NFR), which had promoted privatization and was notorious for its corruption and nepotism, *la Coordinadora* attempted to democratize SEMAPA by giving citizens direct control over its future without the need of political intermediaries. This strategy aimed to overcome the public/private dichotomy by making SEMAPA what *la Coordinadora* called an organization of ‘social’ property (Travis Driessen interview). At the core of the new model was the concept of ‘social control,’ which through electoral and popular participation would allow the citizens of Cochabamba to directly influence the activities of SEMAPA. This was supposed to keep municipal forces in check as well as help repel the attacks against *la Coordinadora*’s appointed board members.

In order to give shape to the notion of ‘social control,’ *la Coordinadora* set up an ‘*Equipo de Apoyo a SEMAPA*’ (Support Team for SEMAPA) which throughout the six months after the end of the Water War ran workshops and consultations with all types of social agents to gather input for the drafting of specific proposals. Different organizations associated to *la Coordinadora* then submitted different ideas that were presented to the population in a workshop held on December 10th, 2000. The community then decided to adopt the proposal presented by FEDECOR, which included a board of directors in which the majority of its members (6) would

be directly elected by the citizens of the different areas of Cochabamba (Carlos Crespo and Fernández 2004).

However, differences of opinion within *la Coordinadora*, the cautious approach of SEMAPA's general director who, even if appointed by *la Coordinadora*, was wary of making radical changes, and the thinning of *la Coordinadora*'s resources as it started working on a number of pressing issues, resulted in the failure of its proposal. Initially, organizations linked to the municipality and NFR presented an alternative blueprint which, although framed in terms of 'social control,' was aimed at maintaining NFR's hold on the utility. This proposal was initially adopted, but the vociferous opposition of social organizations managed to prevent its implementation. In the end, the municipality won and the model embraced in October of 2001 included only three representatives from the community, the 'citizen directors,' who would be in the minority on a seven-member board which also included two representatives of the municipality, one from professional organizations and one from SEMAPA's unions.

La Coordinadora, however, managed to compensate the weaknesses of the system by introducing strong elements of social control in the regulations of SEMAPA's statutes, such as the direct election of citizen directors by popular secret vote, the establishment of equity as the main criterion for tariff-setting, the need of board approval for tariff increases, and the inclusion of the citizens not supplied by SEMAPA as voters (Carlos Crespo and Fernández 2004).

The regulations for the election of citizen directors were passed in February of 2002. Soon after, and due to pressure by the IADB to set the system quickly in motion so that it could approve a loan to SEMAPA, the mayor determined that the elections would take place at the end

of April. *La Coordinadora* protested, arguing that the timing, which coincided with the campaign for the country's presidential elections, would lower the visibility of the vote and thus hurt participation. Yet the elections went ahead. The outcome was extremely disappointing for social organizations: only 3.6 percent of the citizens called to vote deposited their ballot. *La Coordinadora* attributed the failure to the speed with which the elections had been organized as well as to other mistakes that were made in their organization, such as requiring an electricity bill to be able to vote, which people did not expect or understand for an election on water issues (Carlos Crespo and Fernández 2004).

In contrast, Morgan argues that the failure of social control obeyed to the “basic incommensurability between the motivating energy and focus of the social movement activists and the tasks involved in running SEMAPA.” For her, “the lacuna that undermined the public participatory model” was “the lack of interest in the day-to-day mundanities and operational issues at the coalface of service delivery” (Morgan 2011:101). The problem for Morgan, then, was not that people did not care about water provision in the city, but that they were not inspired to participate in what they perceived as the boring, bureaucratic routine of running a utility.

Crespo and Fernández (2004) disagree because, in their view, there was never even the possibility of social control in SEMAPA. This was due to a number of weaknesses in the model adopted and its implementation. The result was that “the company is still a political booty [*botín político*], the citizen directors ... have done little more than giving company jobs to their relatives and friends” (Carlos Crespo and Fernández 2004:50, translated by author from the Spanish original).

The result is that, over ten years after the Water War, the state of water provision in Cochabamba has not improved. In 2006, the local newspaper *Los Tiempos* (2006), for instance, published an article pointing out that “six years after the war, those without water are in the exact same situation,” and two years later the gazette of the South Side of Cochabamba, with occasion of the fourth elections for citizen directors, evaluated their work thus:

After eight years since the Water War and three boards with ‘community representatives’ the elections for citizen directors reproduce (except for honorable exceptions) the same weaknesses of liberal suffrage: professional politicians, their parties, privileges and proselytism are central; and the natural form of participation and decision-making of grassroots organizations is completely absent. SEMAPA’s board, where the main decisions regarding investments and attention to excluded groups should be made, has instead become a mere administrative space, citizen representation is a minority ..., directors become almost public bureaucrats who, being remunerated ... lose their condition as neighbors and become loyal to the company. (InSURgente 2008:11, translated by author from the Spanish original)

The members of *La Coordinadora* were acutely aware of the problem. Marcela Olivera, sister of the group’s spokesperson Óscar Olivera and an active member herself, told me in an interview in 2008 how worried they were about the lack of improvement. Beyond the implications for the population of Cochabamba, they knew that the Water War had become a global symbol of the victory against neoliberalism, and were concerned that if they were not able to find a workable alternative their critics would counter-attack arguing that privatization was the only solution to their problems (Marcela Olivera interview). This did not go unnoticed by proponents of privatization, since this is precisely the argument that John Briscoe, an official at the World Bank specialized on water issues, made to me in an interview in Washington, DC also in 2008 (John Briscoe interview).

Some observers, however, argue that the failure to find a model of 'social control' that worked in Cochabamba responds to the particular characteristics of the local political environment in the city, as well as to the influence of external agents. De La Fuente (2003:99), for instance, claimed that the government and international institutions wanted to discredit the social movements that fought the Water War, and that in order to do so they were determined to make SEMAPA fail, which would vindicate the privatized model (see also Carlos Crespo 2000b:27). They did so, for example, by demanding that SEMAPA repay its US\$20 million debt quickly, which would leave it without resources to extend and improve water provision.

Crespo and Fernández (2004) emphasize the role of international institutions. With the end of privatization, the Misicuni project was put on hold and SEMAPA found itself once more with shortages of both water and funds. A year after Aguas del Tunari left Cochabamba, SEMAPA was once again legally institutionalized and thus became credit worthy for international institutions. The IADB and the German aid agency, GTZ, offered to help with an US\$18 million loan, but they set some conditions to disburse the money. The main condition was the adoption of a legal model proposed by the GTZ called 'mixed-economy society.' This was the GTZ's proposal of an alternative that incorporated popular participation and ownership alongside efficient management (Patricia Venegas interview). The GTZ and the IABD had been promoting the new model with the government beyond Cochabamba, to the point that a new law recognizing it was passed and the government pushed for its adoption by utilities across the country. However, critics claim that 'mixed-economy societies' are merely a surreptitious way of privatizing water provision, since they still treat water as a commodity and are regulated by

commercial law (Carlos Crespo and Fernández 2004:52).

The notion that international aid organizations continued to determine the direction of water policy in Bolivia and Cochabamba was not merely espoused by external analysts (see also, for instance, Fritz 2006). Several activists interviewed in the country criticized the continued influence of the GTZ and other organizations. In 2005, *La Coordinadora* made public a letter that it had sent to the IADB, the World Bank, and the GTZ which was revealingly titled “Don’t cause more conflict and crisis in Bolivia.” The letter specifically addressed the conflict in El Alto, where after the Second Water War and the events of October of 2003 that removed Gonzalo Sánchez de Lozada from office social movements had been extremely active pushing for the cancellation of the privatization contract with AISA. *La Coordinadora* objected to the role that these agencies were playing in that process. According to the letter, social organizations in El Alto and the government had held a series of meetings and reached a number of agreements towards returning the water utility of the country’s administrative capital to public hands. Yet, before a final agreement was reached the government said that it had to consult with the three foreign aid agencies. When these objected to the agreements, the government reneged of them and started a new round of negotiations (see Coordinadora de Defensa del Agua y de la Vida 2005).

The situation in El Alto in 2004 and 2005 was particularly interesting. While in Cochabamba the privatization had been reversed and *la Coordinadora* was trying to create a new ‘social’ model from within a public firm, in La Paz/El Alto a similar process was taking place while AISA was still in charge of water provision. After the demise of Sánchez de Lozada, the

short-lived governments of Carlos Mesa and Eduardo Quiroga (who rose to power with the explicit mandate of organizing presidential elections after Mesa's resignation) were very aware of the power of social movements in Bolivia and thus, contrary to their predecessors, adopted a non-confrontational attitude towards them.

In El Alto, the *Federación de Juntas Vecinales* (Federation of Neighborhood Associations, or FEJUVE) had become extremely successful in mobilizing the inhabitants of the city and it had played a key role in the events of October 2003. For the various reasons exposed in section 4.2.3.2, FEJUVE was particularly opposed to the privatized water utility, AISA, and it took advantage of its powerful position to force the government to agree to the cancellation of the concession contract. Because of the influence of international organizations and the slow pace at which the negotiations with AISA advanced, this process did not conclude until Evo Morales's presidency, on January 3rd, 2007. But the search for an alternative model had already started in 2004. Pérez (2010) describes the proposal that the FEJUVE in El Alto presented in early 2005 and which had been elaborated in response to the weaknesses of the model adopted for SEMAPA after the Water War. FEJUVE had similar concerns to those of *la Coordinadora*, namely its distrust of the public sector, which was notoriously perceived as corrupt and driven by patrimonialism and nepotism. The main problem in Cochabamba, FEJUVE thought, had been that from the very beginning popular participation and social control were inserted into an organization with structural corruption. The board of directors had a majority of representatives from local authorities from the outset, and thus there was never any chance for grassroots organizations to exercise any real control. FEJUVE thus proposed a model based around the

notions of transparency, accountability, and social participation.

At the top of the new utility's structure would be a general assembly with 50 members. Forty of them would come from neighborhood groups in La Paz and El Alto,⁵⁷ with the remaining 10 representing the two municipalities, the central government and the company's workers. Underneath the general assembly there would be, like in SEMAPA, a board of directors. The board would have 13 members, 9 of which would again belong to the FEJUVEs. The new model was referred to as '*empresa social*' (social company) to differentiate it from both the public and the private sectors. A final characteristic of this proposal was the institutionalization of an idea that had been introduced by international activist organizations called Public-Public Partnerships (PUP). PUPs were conceived as an alternative to the conventional Public-Private Partnerships (PPP) advocated by the World Bank and other actors, and they shared the same logic: when a public water utility presents weaknesses, it pairs up with another institution that possesses the required expertise. The difference is that, in contrast to PPPs in which the partner organizations are supposed to be for-profit firms, in PUPs they are other public utilities (Pérez 2010).

When a compromise was reached with AISA to leave Bolivia, there was still no agreement on a new model. The solution was to turn what had been AISA into a new company called *Empresa Pública Social de Agua y Saneamiento* (Public Social Company of Water and Sanitation, or EPSAS), which would be a commercial firm fully owned by the Bolivian state (see Bolpress 2007). EPSAS was meant to be only a temporary solution until the new model was

⁵⁷ FEJUVE is a generic term for federations of neighborhood groups, and thus there are different FEJUVEs in El Alto and in La Paz, as well as in many other localities in Bolivia.

agreed and implemented. Then in 2008 a group of foreign consultants was hired to work on yet another proposal. And in 2010, the Morales government presented another blueprint, this time called *Agua para Todos* (Water for All) which, according to Pérez (2010), moves away from the focus on popular participation and social control and once more grants power to local political authorities. The new direction of FEJUVE El Alto saw this proposal positively because it included the separation of water provision into two different entities, one for La Paz and one for El Alto, which would give the poorer city more control over its water. Other actors, however, point out that El Alto does not have the resources to build a new water utility and that a separation would end up hurting water access for *alteños*.

By the end of 2010, the mayor of La Paz was floating the idea of creating its own water utility, given the low quality of service provided by EPSAS and the delay in determining the final form of its substitute (Bolpress 2010b). In November of 2011 Bolivian newspapers wrote again of a crisis in EPSAS, which was accused by FEJUVE La Paz of being completely politicized and used by the Minister of Water as an employment agency for the MAS party (Bolpress 2011). At the time of writing these lines, in May of 2012, the case has not been resolved and EPSAS is still providing water to La Paz and El Alto.

There are two further changes to the water sector that took place in Bolivia after the Water War that deserve attention. The first one, in fact, took place right at the end of the Water War. As I argued above, *la Coordinadora* and its allies had two basic demands: the first one was the cancellation of the privatization of SEMAPA, and the second one was the modification of Law 2029, which had been passed to legalize and facilitate that privatization. *La Coordinadora*

did not yield in its efforts in April of 2000 until the Bolivian Congress passed Law 2066, which repealed Law 2029 and incorporated all of the demands put forth by the social movements. For instance, it established that existing low-scale water operators could continue operating, that water tariffs could not be indexed to the US dollar, and that water utilities have to implement mechanisms of public participation (FOBOMADE 2005:4).

The second change involved the mobilization of the community of *regantes* to obtain legal recognition of their managerial practices, or *usos y costumbres* (customs and traditions). Thanks to the extremely active FEDECOR and its lobbying efforts, the *regantes* managed to have a new Irrigation Law (Law 2878) passed in 2004. The new law forbade the creation of water markets, prioritized collective rights over individual ones, and recognized and supported the use of indigenous *usos y costumbres* (IDRC 2005; Carlos Crespo 2006).

The cases of Cochabamba and La Paz/El Alto reviewed above show the difficulties that a range of actors have found in Bolivia to introduce a model of water provision that is not based on water as an economic good (or, as they say in Bolivia, on water as a *mercancía*, a commodity). However, some of the models that I presented in the last few paragraphs were adopted after Evo Morales, a radical indigenous president, came to power. Did his arrival not have effects on the water sector? Was he able to overcome the neoliberalism that he criticized in his predecessors? In the next section I tackle water policy since Morales's rise to power.

4.4. Bolivia Under Evo Morales

4.4.1. *Radical politics in the Andes*

Evo Morales was elected in late 2005 with high levels of popular support. His perceived status as

an activist and political newcomer, far removed from traditional parties and foreign interests, gave him legitimacy to undertake a series of sweeping reforms after being sworn in on January 22nd, 2006. These reforms were presented to the Bolivian people as being strongly anti-neoliberal and anti-imperialistic in nature. But to what extent was this a rhetorical strategy instead of an accurate reflection of the policies adopted?

Morales has been particularly forceful in his international policies, particularly in relation to the United States. He became a close ally of Hugo Chávez of Venezuela, who is engaged in an anti-imperialistic crusade, and with whom he helped derail American plans for a Free Trade Area of the Americas. In fact, the Bolivian government goes as far as to oppose any free trade agreement (Diariocrítico de Bolivia 2011). Bolivia has also distanced itself from the United States in regards to drug policy. Morales was a *cocalero* (coca farmer) who became a prominent national figure by opposing forced eradication of coca plantations in the Bolivian Chapare. Eradication operations had been implemented under the guidance of the United States in the early 2000s, and Morales's administration put a stop to that practice after coming to power. Morales has publicly defended the consumption of coca for a variety of uses, which has made him the target of heavy criticism, to the point of being recently accused of running a 'coca diplomacy' (Frye 2012).

The Morales government has also adopted a strong position against the influence of international organizations in determining internal policy. For instance, it completely banned the privatization of public services or any type of participation of the private sector in their delivery, and demanded an end to pressures in that direction from international agencies. IFIs have come

to accept a different type of relationship with Bolivia, and now they openly affirm that even if they disapprove of some of the government's policies they will respect its decisions and not make any impositions (Menahem Libhaber interview).

Another progressive measure adopted by the Morales administration was the establishment of the new Renta Dignidad program, which provided an unconditional and universal pension to the country's elderly. However, some critics have argued that this initiative only renames a previous program launched by president Sánchez de Lozada called Bonosol, and dresses it up in populist rhetoric (Müller 2009).

The distance between the government's discourse and its policies has also been brought up in relation to one of Morales's most controversial policies in his first year in office: the nationalization of all hydrocarbons in the country. Despite the grandiose announcement, the nationalization implied what some analysts have called only a 'hostile takeover' (Kaup 2010:130). The government already owned 49 percent of the formerly privatized national oil company, and all it did was force private shareholders to sell to the state enough shares so that its participation would reach 51 percent, thus re-acquiring managerial control. Nationalization was also presented to the public as a policy that radically increased taxes on oil revenues for private companies. However, this only affected old gas and oil fields. New discoveries since privatization in the 1990s, which make up over 80 percent of known reserves, were not affected by the measure. It is hence not surprising then that some analysts have wondered if the initiative is not in fact a 'neoliberal nationalization' (Kaup 2010). Kaup's argument on this respect is that Bolivia's long history of neoliberal measures and dependency on natural resources strongly

shapes the policies that the government is able to pursue.

A related line of attack comes from those who question the development path taken by the government. When the MAS achieved power, Morales stated that he wanted to end the country's dependency on natural resources, to create more value added and to diversify. However, critics argue that Bolivia is actually increasing its dependence on natural resource extraction (Guachalla 2010).

One of the most significant reforms by Morales and his MAS party was the adoption of a new constitution. In August of 2006, a constitutional assembly (*asamblea constituyente*) was established whose stated goal was to “shape a more equitable State, defend the natural resources and *end the neoliberal model*” (Asamblea Constituyente de Bolivia n.d., emphasis added). The process of drafting the constitution was long and controversial, particularly because of the strong demands for autonomy of the country's Eastern lowlands, which happen to be rich in hydrocarbons. The new constitution finally came into force in 2009, and it included strong guarantees for indigenous peoples, who were given the right to self-govern themselves as well as to dispose of the natural resources in their communities. The constitution also contains more than 100 clauses listing the rights recognized to all Bolivians, which include the right to water and sanitation. Moreover, the provision of water and sanitation by private firms is explicitly forbidden.

As this brief review exemplifies, the policies adopted by the Morales government present a mixture of progressive measures with others that do not seem to follow the radical rhetoric of the administration. How has this approach affected the water sector?

4.4.2. Water policy towards socialism?

As I showed above, Evo Morales and the MAS took some radical measures that affected the water sector directly. The legal prohibition to privatize water delivery and the new approach to the country's relationship with international organizations had a real and profound effect in the sector. The process to return La Paz and El Alto's water utility to public hands, even if it had started before Morales's victory, came to fruition under his rule in 2007. And aid agencies and IFIs changed the way they worked with the government. Several of these organizations' workers emphasized to me the importance of not imposing policies and working together with the government, giving it advice but accepting and following its decisions (Marco Quiroga interview, Chris Jennings interview).

When he announced his first cabinet, Morales appointed, for the first time in the history of Bolivia, a Minister of Water.⁵⁸ This was a gesture that recognized the importance of water struggles in Bolivia, but also the fundamental role that water social movements had played in bringing about change in Bolivia and getting Evo Morales elected. A clear indicator of the connection between Morales and the water movements was the appointment of Abel Mamani as Minister. Mamani was one of the leaders of the FEJUVE in El Alto and the most prominent figure in the protests against AISA.

The Ministry was organized in three vice-ministries: one for basic services (clean water and sanitation), one of irrigation, and one for water resources. The vice-minister for basic services was René Orellana, a sociologist and one of the leaders of the social movements in

⁵⁸ Today the ministry has added the environment to its competences, and has been correspondingly renamed as Ministry of Environment and Water.

Cochabamba. This set in motion a system to facilitate the co-habitation within the ministry of activists from the two important water-related social movements in the country: El Alto and Cochabamba. After the political demise of Mamani, Orellana became the Minister, and the vice-ministry of basic services was then occupied by a leader from El Alto. This arrangement ensured that the leaders of the water movements of the previous decade would have an overwhelming influence in determining water policy in the country. What were the specific measures they adopted, and were these different from those pursued by previous governments?

The foundational documents of the Ministry emphasize concepts such as the ‘human right to water,’ ‘water as a public good,’ or the ‘social use’ of water, as well as the respect to the traditional use of water by indigenous communities according to their customs. These are, however, abstract principles that, much in the same way as the principles associated to water as an economic good, need to be implemented in specific policies in order to be able to assess their effects. The key question, then, is how these principles are translated into water policies.

When confronted with this question in interviews, the personnel in the Ministry had a hard time finding an answer. Initially, the responses I received were a mere restatement of the general principles mentioned above. For instance, Cyntia Vargas, an advisor to the Minister, stressed their commitment to water as a right and their complete opposition to the privatization of water provision. When I mentioned that this did not specify how water was being provided according to the new principles, her response was that the Ministry was still new and they were in the process of figuring out their specific approach (Cyntia Vargas interview).

This is not to say that the Ministry was not being active or that it was not pursuing social

goals. The Ministry engaged in a wide effort to build water delivery infrastructure around the country by subsidizing their construction for communities. Yet we should remember that subsidized infrastructure is not a novel approach. Even proponents of full cost recovery are aware that, in many parts of the world, poor people do not have the economic capacity to pay for infrastructure investments, and thus they have settled for the recovery of operation and maintenance costs. As we saw in chapter 3, the South African government was being derided by social movements precisely for focusing on the expansion of infrastructure while leaving ‘ring-fenced’ water utilities to generate the revenue for their operating expenses, and this was the case even after the free basic water policy was adopted.

Moreover, even the program of infrastructure expansion adopted by the Bolivian government has some components that are hard to square with the principles espoused by the Ministry of Water. Enrique Torrico, an official in charge of infrastructure construction in the Ministry, described their approach to me in an interview. The government offers communities without water delivery systems to help them pay for one. True to their open and democratic approach, they let the community decide what type of system they want to build. But the Ministry, Torrico claimed, explicitly warns the community that they will have to pay the full cost of operating and maintaining the infrastructure, thus they have to be aware that the more sophisticated a system they decide to build the more expensive it will be to run, and they will have to pay the full cost of its operation (Enrique Torrico interview). This is reminiscent of the controversy over ‘levels of service’ in South Africa that I reviewed in chapter 3, and the outcome of the Bolivian policy is the same for which the South African government was harshly

criticized: people's ability to pay determines what kind of water and sanitation system they can have. This policy is also very similar to AISA's decision to build a lower quality, condominial sewerage system in El Alto, which was loudly chastised by the same activists who are now running the Ministry of Water.

It could be argued that Bolivia is a poor country and that the limited resources at the disposal of the Ministry of Water do not offer it many alternatives. But this raises the question of the real significance of the anti-neoliberal rhetoric that rejects the commodification of water and embraces the view of water as a right. Given the nature of the policies described above, I asked Enrique Torrico what happens when a member of one of the communities for which the government has subsidized its water delivery infrastructure cannot pay her water bills. Does she get her water disconnected? Torrico's answer was that after the second month of non-payment the water service is cut-off, and the user has to pay a reconnection fee (Enrique Torrico interview). Can it be said that water is managed as a human right when its provision can be discontinued for non-payment?

An area in which the new Bolivian government has had a tremendous impact is in the international arena. The presence of activists in powerful positions within the Bolivian state gave them the possibility to promote their views on water in international forums as part of their country's official delegation and not merely as members or social movements. And those activists have made extensive use of this opportunity.

Less than a month after the Ministry of Water was finally set up in February of 2006, the fourth World Water Forum was set to take place in Mexico City. As the then-minister Abel

Mamani told me in an interview, he only found out about the event a few weeks beforehand, and he did not know how he should approach it. At the last minute, and without a preconceived plan, he and his advisers decided that they should try to use the forum and their presence as an official delegation to push for their view of water. However, they then found out that the negotiations for the Forum's official declaration, which had been going on for months, had already concluded. The approach they followed, then, was to try to convince other countries of the need to generate 'complementary declaration' to the official one that clearly stated that water is a human right. Given the constraints of time and communication with the other delegations, only three other countries joined Bolivia in signing that addendum.

However, this was an extremely symbolic and powerful gesture. The Mexico World Water Forum had the presence of a large number of social organizations opposed to the privatization of water and to the principle of water as an economic good, and seeing their ideas resonate at the level of government negotiations implied bridging a gap that had until then seemed too wide. The fight was no longer seen as governments versus activists, but the governmental discussions now also had to consider non-mainstream ideas.

Moreover, Mamani claims that several officials from other countries told him that they agreed with the ideas advanced by the Bolivian delegation but that they could not officially support them because of political constraints. Besides the procedural significance of the actions undertaken by the Bolivian minister, these also had a considerable impact on the acceptability of ideas that up to that point were seen as too far from the mainstream to be palatable. Thus, thanks to its increased visibility, the notion of the human right to water gained currency and became less

taboo for countries that, up to that point, were too scared to support an idea which could have undesirable consequences – such as the possible implication that people would interpret it as meaning that water should be provided completely free of cost. As I will discuss in more detail in chapter 5, three years later, in the Istanbul World Water Forum, Bolivia managed to convince 25 other countries to join it in an alternative declaration to the Forum's official one.

The Bolivian exercise of state influence on the international arena has not been restricted to the World Water Forums. In 2010, for example, Bolivia presented a proposal for a resolution in favor of the human right to water to the United Nations General Assembly, which was adopted a few weeks later. This was the first official embrace of the human right to water by the international community (see United Nations General Assembly 2010).

These actions suggest that the Bolivian government has found a way to successfully mobilize its structural power in the international arena in order to further ideas which, only a few years earlier, were limited to the camp of social movements and social organizations. However, the significance of this achievement is questioned by the gap that, as I have been arguing throughout this dissertation, exists between the adoption of principles about water provision and the specific policies that implement them. As the cases of South Africa and Bolivia show, it is not clear what the human right to water entails in terms of practical water policies, and thus its adoption by the international community, although indicative of good intentions, cannot be automatically assumed to imply a meaningful change of policy. As we have seen (and will continue to see below), the same Bolivian government that has been forcefully promoting the notion of water as a human right in the international arena has struggled to define what that

means in its own country.

The evidence presented in the last few pages shows that the Morales government has clearly introduced a number of significant changes in water policy. Privatization is now forbidden, the Ministry has expanded its investment in infrastructure, the human right to water is explicitly embraced, and instead of imposing policies the government informs communities of the alternatives and leaves the final decision to them. Yet the question remains: do these features amount to a type of water provision that is fundamentally different from treating water as a commodity?

We have explored the general water policies adopted by Morales's Ministry of Water, but given that water delivery usually takes place at the local level we should devote some attention to the specific policies implemented in the two localities that have been the focus of attention in this chapter – La Paz/El Alto and Cochabamba – after 2006.

Little can be said about the case of La Paz/El Alto. As I mentioned above, when AISA left Bolivia in 2007 water provision fell in the hands of EPSAS, a transitional firm that was supposed to continue basic water delivery until a new model had been implemented. Yet five years later the different stakeholders are still discussing the form of such a model, and hence EPSAS is still in charge of providing water to La Paz and El Alto. The temporary nature and uncertainty with which EPSAS operates has not allowed it to pursue any change of course in its policies. In fact, EPSAS has been strongly criticized for its lack of capacity to even fulfill its most basic tasks (Bolpress 2011, 2010b).

The case of Cochabamba is much more interesting. As I mentioned above, after the Water

War *la Coordinadora* sought to transform SEMAPA into a ‘social’ utility which would go beyond the public/private divide. The idea was to ensure that the population would play an active and significant role in the determination of SEMAPA’s direction and policies. Many problems related to corruption and the nature of local politics in Cochabamba seriously weakened the extent to which this goal was achieved. But did SEMAPA’s policies, the way in which it provides water, change after the privatization was reversed, and particularly after the rise to power of Evo Morales?

In 2008 I visited the offices of SEMAPA, located on the North side of Cochabamba, to interview Edgar Armaza, the utility’s secretary general. When I asked Armaza about SEMAPA’s approach to water delivery he described it as “non-mercantilist rationalization” (*racionalización no mercantilista*). He explained that by ‘non-mercantilist’ he meant that water provision was not privatized, and therefore no private agent was making a profit out of selling water to the population. By ‘rationalization’, Armaza said that he referred to the “rational use of water.” He elaborated by giving me examples of how people think that water is free, such as the high levels of illegal connections and of non-payment in the city, and argued that people should be taught that providing water is actually very expensive. Rationalization, he argued, is related to the notion of water as a common good, as a right for everybody: people need to value water properly to make sure that they do not waste it and therefore there is some available for others. As the reader will quickly recognize, this is very similar to the discourse of water as an economic good that argues that water needs to be valued properly in order to have a sustainable system of delivery that guarantees the right to water.

It is significant that, at that point, Armaza did not argue that the price mechanism is the only way for people to value water. He gave me several examples of education programs, for instance in schools, through which SEMAPA is trying to make people conscious of the importance of using water judiciously, thus assuming that water management is not all about full cost recovery. Yet, shortly after, he made a comparison that revealed an intimate connection between water consumption and ability to pay. Armaza equated water services to a hotel, and then he added: “people would not expect to receive a five-star quality service if they are not willing to pay for it, would they?” The implication was clear: if people want to get a better service, they need to pay what it costs. Otherwise, there is no way for a water utility to provide that level of service, because it costs money that can only be raised from the users. Once again, even if it was not mentioned directly, the concept of ‘ring-fencing’ that I learned in South Africa seemed perfectly applicable to the situation. Water managers who are determined to provide water to people and who have a rather progressive outlook find themselves in a practical position in which the only way in which they can deliver the resource is if people pay its full cost.

Armaza told me about the progressive block tariff system that SEMAPA had implemented, as well as about its efforts to expand service to unserved areas, which he saw as part of the popular orientation that they adopted for water provision. Yet expansion of service and block tariffs were pursued by the privatized AISA in La Paz and El Alto, and they were also the policies adopted by the South African government as it was being accused by social movements of selling out to neoliberalism, and thus the question of whether they amount to an alternative, non-commodified approach to water delivery remains.

4.5. Conclusions

The Bolivian case has provided us with a wealth of data that helps us make sense of how the global water regime operates and what effects it has for the access to water of vulnerable populations. As I indicated in my introduction to this chapter, Bolivia's dependence on international financial institutions has had a significant influence on the kinds of policies adopted by its successive governments. We have seen how the World Bank had a particularly high degree of power in determining Bolivia's embrace of the privatization of water provision at the end of the 20th century. Because these ideas came in the form of specific policy prescriptions from one of the actors who were instrumental in translating the concept of water as an economic good into privatization and full-cost recovery, it is not surprising that these measures became central to Bolivia's water policy. However, I have shown that the World Bank was not the only actor involved in water policy in Bolivia. The Inter-American Development Bank and the German aid agency, GTZ, have been key drivers of water policy, and although they all share the basic tenets and principles of the view of water as an economic good, their prescriptions have not been identical. Moreover, they have attempted to adapt their suggestions to the realities of Bolivia, giving place, for instance, to the model of 'mixed-economy societies' advocated by the GTZ.

Even more relevant is the fact that, despite the prevalent discourse in the country that blames the World Bank and foreign actors in general for imposing the privatization of water, domestic agents showed a particular interest in its adoption. Some because they sought to benefit economically by taking part in the privatization deals, others because they were genuinely convinced that this was the best way to attract finance to the water sector and improve its

operation, still others because they saw no alternative given the requirements of water provision and the difficulties in which the country found itself, the truth is that a number of Bolivian institutions and individuals welcomed privatization with open arms.

The debates over full cost recovery and privatization in Bolivia played differently than in South Africa, among other reasons, because people who received water services already paid for them. Thus while the starting point of the discussion in South Africa was whether people had to pay for water *at all*, given that they had been getting the resource for free during the rent boycotts of the last years of apartheid, in Bolivia it was generally assumed that people had to pay for water. That is why in La Paz/El Alto, when privatization was not associated to water tariff increases (which had taken place before AISA landed in the country), the concession agreement went through without opposition. Similarly, in Cochabamba protests did not start in earnest until the population realized how much their water rates had gone up, as well as when they saw that their water sources and the community systems that they had worked hard to build were going to be transferred to Aguas del Tunari without receiving any compensation.

In Bolivia, the controversy over privatization and full cost recovery had thus a component related to how the new policies made water unaffordable for large sections of the population. But it also had to do with the country's history and particular political situation of the early 2000s. Bolivians are acutely aware that foreign actors have benefited from the country's natural riches while they have remained poor and destitute. After a decade and a half of international institutions imposing painful policies on the country, and at a point in which political parties were perceived as completely disconnected from and unable to help the country's inhabitants, the

idea that a foreign corporation was going to have a guaranteed 15 percent profit rate to sell them their own water was quickly construed as an unacceptable intrusion. If on top of all that people realized that their water was going to be more expensive and, in many cases, commercial considerations would force them to receive lower service standards or no service at all, the violence with which the population reacted is not altogether surprising.

These considerations, however, do not necessarily imply that the policies adopted were not necessary or that the increase in water prices was not an adjustment that would have had to take place in any case. This is precisely the argument that officials of international organizations make when they point out that, twelve years after the Water War, Cochabamba's water provision is in as bad a state or worse than it was in 1999. The search for a new model of water provision, one that rejects the commodification of water and fully embraces water as a human right, is still ongoing in Bolivia.

Given the problems of corruption in the public sector, Bolivian social movements have traditionally thought of alternatives in terms of social control, of giving voice and meaningful participation to citizens. This is what the election of citizen directors to sit on SEMAPA's board tried to achieve, and what La Paz and El Alto are seeking with their search of a new 'social-public' model of provision. But these elements do not directly affect the water policies that determine how water is allocated and who bears the costs of its provision. In this sense, there is little true innovation coming from Bolivia.

The Morales government has adopted a radical discourse that rejects the commodification of water. Accordingly, it has banned privatization and it has engaged in an effort to expand water

access by building and subsidizing infrastructure. Yet irrespective of the property of water utilities, people are still expected to pay for the operation and maintenance of water systems, the level of service that they get depends on their ability to pay, and if they cannot pay their water bills their water service will be disconnected. This is not to say that the measures taken by the Ministry of Water are not comparatively progressive, particularly taking into account the limited resources of the Bolivian state. But it does suggest that the dichotomy between water as an economic good and water as a right might be obscuring more than it illuminates. What is considered a social or a neoliberal measure is different in Bolivia than in South Africa. Moreover, approaches to water policy contain a variety of dimensions, which makes their categorization especially difficult. Privatization is perceived as a terrible neoliberal measure that needs to be forbidden in Bolivia, whereas payment for services and cut-offs are accepted. In South Africa, in contrast, even a free basic water policy is considered insufficient by social movements who oppose the commercial logic of operation behind public utilities that use prepaid meters.

It is particularly helpful to apply the concept of 'ring-fencing' to Bolivia, since doing so highlights some underlying parallels with South Africa. The discussion around water politics in Bolivia revolves around privatization, corruption and social control, community provision, tariff levels, and expansion targets. There is no discussion of the scale at which water should be provided and what is an appropriate unit cost. As I mentioned above, the World Bank insisted that water utilities should generate all their revenues, which amounts to an endorsement of ring-fencing, but this never seemed to be a contentious issue for social movements. Yet this practice

seems to be behind, as it was the case in South Africa, the discourse of progressive individuals who are committed to providing water to the poor, be it at the local level or in the Ministry of Water. These people find themselves tasked with providing water in a context in which funds for the operation and maintenance of water services from other sources (such as general taxes) are not available, and this is something over which they have no control. They do provide water, however, and thus the only practical solution that they find to do so in a sustainable way is to charge for water provision. The situation is even more complicated in Bolivia than in South Africa. The latter is a wealthier country, and thus it can devote some funds to establish programs such as the free basic water allocation. Bolivia cannot afford to do so, and thus its water managers find themselves with the obligation of providing a good service to poor people who cannot pay for the full cost of its provision, yet they have no other options to raise revenues.

What this discussion suggests is that, if we take ring-fencing as a fundamental but usually ignored aspect of the view of water as an economic good, it has been adopted even by the radical members of Morales's government, who have no problem identifying privatization as a danger but have internalized the idea that water utilities should raise their own revenues without question. This explains seemingly contradictory outcomes such as when officials in Bolivia's Ministry of Water utter a passionate defense of water as a human right and the need to disconnect water for non-payment in the same breath. I will return to this topic in my concluding chapter.

Chapter 5: The Global Water Movement and the Istanbul World Water Forum

In the previous two chapters, I described the effects of the policies promoted by the global water regime in Bolivia and South Africa, as well as the activities and ideas of local and national social movements that opposed those effects. These autochthonous social movements, however, did not limit their actions to the national level, but formed alliances with the movements in other countries and started to operate beyond their borders and to directly address the global water regime.

In this chapter, I will focus on the global water movement (or global movement for water justice) that was the result of this work of coordination between different local movements. My goal is not to undertake a detailed exploration of the global water movement *per se*, but to analyze its role in the global governance of water. As I argued in chapter 2, the actors at the core of the global water regime present their operations and initiatives as open, and they invite all actors to participate in them. Yet the global water movement remains outside and with an adversarial approach to the initiatives of the regime, which raises a series of questions. Why does the global water movement not participate in the initiatives? Is it effectively excluded? If so, why and how? Or is this a deliberate decision by the social movements? If that is case, what motivates such a decision? And are there other critical groups who do participate in the regime's initiatives?

Different answers to these questions would elicit different assessments of the nature of the global water regime, and thus a proper understanding of how the regime operates requires the

Careful study of the global water movement and how it relates to the regime.

In order to undertake such an analysis, this chapter starts where the previous one ended. In my study of Bolivia, I reviewed the role of local social movements in opposing privatization, as well as their search for alternative forms of water management. Soon, the Bolivian social movements, whose activities attracted international attention due to their victory in the Cochabamba Water War, realized that the problems that they faced were experienced in other parts of the world (for instance, as I showed in chapter 3, in South Africa) and, more importantly, that those problems had global roots. It was through the development of these initial connections that a global water movement was born. This chapter, then, begins by tracing the horizontal and vertical linkages established by water social movements since the Water War and their subsequent transformation into a coherent global movement. The purpose of this exercise is to study how the perception of global processes through local experiences shaped the movement's understanding of the global water regime and its approach towards it.

The second section of this chapter focuses on the relationship between the global water movement and the global water regime. It attempts to make sense of the reasons why the social movements are or feel excluded from the initiatives of the regime and the rationale behind their ideas and actions towards it.

Finally, and in order to bring this dissertation full circle, I review the Istanbul World Water Forum that took place in March of 2009 as an event where the global water regime and the global water movement interacted directly. This allows me to refine my understanding of the relationship between them developed in the previous sections and reach conclusions about the

operation of the global water regime as a system of governance and the role that the global water movement plays in it.

5.1. From Local to Global Struggles

The starting shot for the global water movement took place in early 2000, during the Cochabamba Water War (see chapter 4). Although the Water War was clearly a local event as far as popular mobilization is concerned, it had international connections that proved to be significant for later developments. The most relevant of these for the purposes of this chapter is the role played by foreign activists in making the Water War visible to international audiences. Two American citizens living in Bolivia at the time, Jim Shultz and Tom Kruse, were central to this process. Shultz is a journalist and the director of the Democracy Center, a non-profit organization that supports progressive causes through investigative journalism. During the Water War, Shultz sent daily updates about the events in Cochabamba to the approximately two thousand subscribers to the Center's mailing list outside of Bolivia. Tom Kruse is a researcher and activist who, in the 1990s, was well-connected to local social movements as well as to left-leaning organizations in the United States, and who became the *la Coordinadora*'s international liaison during the Water War.⁵⁹

The Cochabamba Water War took place just a few months after the Seattle protests against the World Trade Organization, precisely when the incipient antiglobalization movement was planning to stage its second round of protests. These were to take place in April of 2000 in

⁵⁹ *La Coordinadora para la Defensa del Agua y de la Vida* (Coordinator for the Defense of Water and Life), popularly known as *la Coordinadora*, was the coordinating body of the protests in Cochabamba during the Water War in early 2000. Chapter 4 has more details on both *la Coordinadora* and the Water War.

Washington DC, where the World Bank and the International Monetary Fund were to hold their annual meetings. As the confrontations in Cochabamba escalated in the early months of 2000, the leaders of the *la Coordinadora*, including Óscar Olivera, were in hiding in order to escape governmental repression. In an attempt to provide Olivera some protection through international visibility, Kruse had the idea of getting activist organizations in the United States to invite Olivera to the Washington DC protests. It was never the intention that Olivera would actually travel to the United States. However, once the Water War ended in early April, Olivera told Kruse and Shultz that he thought it would be a good idea for him to attend the Washington events so that he could tell the story of the Water War.

At that point, only a couple of days before the start of the protests, Olivera did not have a passport, not to mention a travel visa for the United States, which are notoriously cumbersome to obtain for Bolivians. While Kruse and Olivera traveled to La Paz to get a passport, Shultz remained in Cochabamba to work on the visa problem. When a journalist from a major American media organization approached him with a request to set up an exclusive interview with Olivera, Shultz decided to take advantage of the situation. He promised the journalist the interview in exchange for help convincing the American embassy to give Olivera an expedited travel visa. Shultz's plan worked as intended, and only two days later Olivera, Shultz, and Kruse boarded a plane towards Washington, DC (Shultz 2003; Jim Shultz interview).

The story of what happened in the following months could be summarized as the falling in love of the antiglobalization movement with Olivera and the Cochabamba Water War. Shultz argues that the events of Cochabamba, its storyline, was precisely what the nascent

antiglobalization movement needed:

At exactly that time, anti-globalizers were looking for exactly such a story line. The debate had gotten very rhetorical and Cochabamba nailed it down. In fact, some of this was dumb luck, the fact that the water war happened the same week as the mobilization in Washington, DC aimed at the IMF and WB. The rest was just momentum. (Shultz quoted in Kohl and Farthing 2006:189)

In the United States, Olivera was greeted as a hero and he quickly became acquainted with a number of high-profile activist organizations and leaders, which led to further interactions and visits in the following years. Just a few months after the Washington DC protests, in the Fall of 2000, he visited the United States again and toured different cities invited by several activist organizations, and in December of that year the Council of Canadians organized an ‘international solidarity trip’ of global activists to Cochabamba (Albro 2005; Barlow 2001b).

It is important to note, however, that although the events of Cochabamba in early 2000 revolved around water issues, the movement to which Olivera established links in his trips to the United States was not primarily focused on water. For the antiglobalization movement, the Water War was the perfect example of the victory of the poor and destitute against the forces of ‘neoliberal globalization.’ Water was just the specific context – though a very attractive and visible one – in which this general fight had taken place in Bolivia. There was no specific global water movement at that point, but a general antiglobalization movement in which the environment, the fight against corporate greed and international financial institutions, or the defense of the rights of indigenous peoples were important but not defining dimensions. This observation is consistent with Bennett’s (2005) claim that transnational movements have shifted from being built around professional NGOs and focused on specific issues to becoming multi-

issue activist networks. However, the events that unfolded in the following years will allow us to see the emergence of a specific transnational water social movement from within the broader antiglobalization networks.

In this sense, again, the Cochabamba Water War benefited from what in hindsight appears as perfect timing. In the late 1990s, water problems related to privatization and the push for full-cost recovery were slowly becoming evident in many localities of the developing world, even if there was still no clear sense of this being a generalized issue. In 1997, the first World Water Forum that took place in Marrakech (Morocco) was a small event mainly attended by water experts which generated no controversy. Yet after the Seattle protests, the Water War captured the imagination of activists who were dealing with water issues in their countries and showed them not only that they were fighting similar problems, but that they could actually win. In late March of 2000 the second World Water Forum took place in The Hague (The Netherlands). Although still of moderate size, a number of activists from 12 different countries attended the Forum (Barlow 2007:124). A Basque group staged a protest against dams and the privatization of water during the inaugural event (BBC News 2000; Bakker 2011), and other activists attended the Forum in order to counter what they described as “the dominant water agenda” and the premise that “the privatization argument was over,” i.e. it was won by the privatizing camp (Blue Planet Project n.d.). Just two weeks later, the Water War reached its zenith and in its simplified and straightforward narrative made the origins and consequences of water privatization visible to activists from all over the world hungry for symbols and direction.

When Óscar Olivera went to Washington in April of 2000, he personally met Maude

Barlow, an activist who chairs the Council of Canadians, a citizens' organization that promotes progressive policies in a number of social issues. If Olivera became the symbol of the ordinary people of the developing world fighting against corporations and international financial institutions, Barlow was to be one of the central figures in the formation of the transnational water movement.

Taking advantage of the resources of the Council of Canadians, Barlow spearheaded the articulation of water activists and organizations from all over the world. In March of 2000, in preparation for the second World Water Forum, the Council of Canadians launched its Blue Planet Project, which defines itself as an "international civil society movement" with the goal to "protect the world's fresh water from the growing threats of trade and privatization" (Blue Planet Project n.d.). The following August, Barlow attended the Stockholm Water Week, a meeting of water experts that takes place yearly at a water research institute in Sweden, to denounce the commodification of water (see Barlow 2001a), and in December of that year she led the international solidarity trip to Cochabamba mentioned above and from which the so-called Cochabamba Declaration emerged. The Declaration briefly states, in three points, that water should not be "commodified, privatized or traded for commercial purposes" (Harden 2001). In her report of the trip, Barlow describes her commitments for the future thus:

I will be concentrating on getting to Canadian government officials and unions to raise the profile of this case, as well as help raise funds. We will hold up Cochabamba as a real example at our international water summit in Canada in July; an alert, informed international community is the most important ingredient here. (Blue Planet Project n.d.)

It is evident from this statement that Barlow perceived the Water War as a key example to project

to the world, as well as the need to organize and articulate an ‘informed international community.’ It was precisely in the pursuit of this goal that the Council of Canadians held the international water summit to which Barlow refers in the quote above. This event, called ‘Water for Nature and People,’ took place in July of 2001 in Vancouver (Canada) and brought together representatives of 24 organizations. Thirteen of these organizations were from Canada or the United States, with only five organizations from India, South Africa and Bolivia representing the Global South.⁶⁰

The final report of the meeting is very informative in garnering a sense of the state of the incipient global water movement at that point. It argues that the push “to turn the earth’s most precious resource over to corporations and the global market place has moved ahead almost unabated” (Council of Canadians 2001:4), thus implicitly acknowledging that, until that point, there had not been much mobilization against that push. The report brings up several times “the need to formalize a global network of activists committed to stopping the privatization and commodification of our water” (Council of Canadians 2001:14), and the main result of the conference is stated in similar terms: “The outcome was a better connected global network of grassroots activists and international organizations committed to protecting the environment and human rights and determined to build a coordinated network of empowered communities to make it happen” (Council of Canadians 2001:4).

Two elements stand out in the discussion of the last few paragraphs. First, in the early 2000s the global water movement was still at a very incipient stage. It was forming out of the

⁶⁰ The final report of the conference argues that, besides the organizations formally represented, “the conference attracted activists from over 40 countries,” although it does not specify how many or from where specifically (Council of Canadians 2001:14).

explicit coordination around water issues among activists who were already linked through the more general antiglobalization movement, and its focus was on establishing networks and spreading information about water problems and their sources.⁶¹ Second, a few Northern organizations played a key role in the network building process. Southern actors, such as Óscar Olivera and other Bolivian activists, were certainly involved, but it was the Council of Canadians through its Blue Planet Project, Public Citizen (based in Washington, DC) and its spin-off Food and Water Watch, or the public trade unions federation Public Services International (based in France) which were instrumental in coordinating actors from all over the globe into a sustained network. These types of organizations have substantial resources (human, technical, and financial) and well-established connections with kindred institutions, and thus it was easier for entrepreneurial activists within them, such as Maude Barlow, to play a leading role in articulating a global movement. Even today they are still the movement's main coordinators, as my discussion of their presence in the Istanbul World Water Forum below will show.

Despite its high degree of articulation and interconnection, the global water movement should not be thought of as a cohesive entity similar to a small-scale, local social movement. As scholars of transnational social movements have been quick to point out, mobilization at the transnational level entails particular difficulties for coordination and action (Della Porta and Tarrow 2005), and the evolution of the global water movement provides a clear example of the

⁶¹ It is important to note that the global water movement to which I refer in this chapter centers around the provision of clean water for general consumption of the population, which responded to the changes in the view of water described in chapter 2. However, there were already fairly developed, if limited, global networks of activists that had been active on other water-related issues. One example is the social movement against the construction of large dams, which had been operating for decades and whose pressure led to the establishment of the World Commission on Dams in 1997 and the release of the Commission's final report in 2000 (International Rivers Network n.d.; see also multiple references to the role of people's movements in the final report of the Commission: World Commission on Dams 2000).

uneven nature of this process. Although the work done in 2000 by the Blue Planet Project and other actors certainly took on a global character, we should distinguish two different dimensions or levels of the global water movement: one that operates intermittently around large global meetings, and another one of a more continuous nature that takes place in a more decentralized way and at lower geographical levels. This distinction is significant because it shapes how the members of the global water movement relate to each other and to the global water regime, and as such it helps explain, as we will see below, the dynamics through which the social movements come up with ideas about water provision as well as how they promote them. Let us then explore these two levels in some more detail.

The first dimension involves the participation of large numbers of activists from all over the world who attend global water initiatives such as the World Water Forums. This is consistent with the trend, identified by transnational movements scholars, that sees social movements using global events as an opportunity to protest and organize counter-summits (see, for instance, Pianta 2001). These types of activities are explicitly identified by water activists as important elements of their mobilization strategy, as they allow them to interact with each other, build a common identity and solidarity, learn about the issues and activities in which other groups are engaged, and collaborate to build joint strategies (Barlow 2007:124). These activities, however, are short-lived and far between, and if a global movement depended only on them it would find it very hard to remain alive in the long run.

The second dimension, in contrast, revolves around activities that take place on a relatively frequent basis. Some of these activities also consist of direct actions such as campaigns

and protests, while others imply exchanges of information and the generation of knowledge and strategies. The continuous nature of these exchanges, however, makes it difficult to involve all actors of a global movement, and thus smaller-scale networks around geographical or cultural areas emerge to carry out this less visible yet crucially important work. This means that a global movement contains different clusters with their own independent dynamics, which has several implications. One, for instance, is that some groups may be more active or productive than others, thus leading to certain imbalances between clusters. Another consequence is that different groups develop their own understanding about the topic addressed by the movement, as well as their own goals and ideas about how these can best be achieved. This implies some degree of heterogeneity that presents the challenge of how to bridge the gaps between clusters when they meet at global events. As we will see below, these types of processes are precisely what we find in the water sector.

The most developed regional network in the water domain operates in the Americas. During the third World Water Forum, which was held in Kyoto (Japan) in 2003, activists from different Latin American nations realized that they did not know much about what was happening in each other's countries and decided to create a regional network to remain in close contact and work together on water issues (Marcela Olivera interview). The following summer, a meeting of water-focused organizations from North and South America took place in San Salvador (El Salvador). The meeting, which revolved around a conference/workshop called "Citizen Movements Facing Water Privatization: Lessons Learned, Strategies and Challenges for the Future", brought together 21 citizen groups from El Salvador and 26 organizations from 15

other countries in the region (Red Vida 2003). Among the latter, five are based in Northern countries.⁶² One of the outcomes of the meeting was the decision to form a permanent group called the Inter-American Vigilance for the Defense and Right to Water Network, or Red VIDA.⁶³ Red VIDA most permanent organ is a Liaison Commission with representatives of seven organizations, three of which are based in the United States and Canada. Just as Northern organizations played a central role in the articulation of a global water movement, they were also key actors in the conformation and ongoing activities of the Red VIDA thanks to their comparatively large financial and organizational resources. It is precisely because of the prominent role that Red VIDA plays in the global water movement that these organizations are also at the center of the organizing efforts for global meetings. This will be evident in my discussion of the Istanbul World Water Forum below.

Currently, Red VIDA's member webpage lists 61 organizations from 17 countries in the Americas and two international organizations based overseas (Red Vida n.d.). Red VIDA is based in Cochabamba, Bolivia, although it does not have a distinct organizational structure. There is a point-person who acts as coordinator, and this individual is currently a worker in one of Bolivia's Red VIDA members in Cochabamba. The Red VIDA, as its name indicates, is more a network than an organization, and thus its actions are undertaken through the coordination of its members.

The members of Red VIDA have been active in organizing regional events such as the

62 The Council of Canadians and the Polaris Institute are based in Canada, Public Citizen is based in the United States, and two other organizations, Public Services International and Consumers International are based in Europe but they have regional offices in Latin America, which explains their participation in the event.

63 VIDA means 'life' in Spanish, and is also an acronym for *Vigilancia Interamericana para la Defensa del Agua y de la Vida*, the Spanish translation of the network's name.

seminar “Water: Common Good, Public Management and Alternatives” that took place in Cochabamba in the summer of 2008. These are precisely the types of activities that have contributed to the continuing operation of the movement. However, the success of Red VIDA in keeping the water movement alive seems to reside in the role that it has played in ensuring continuous collaboration and support between movements and organizations from different countries. During my initial research visit to Bolivia in the summer of 2006, several water activists informed me that Red VIDA groups from Córdoba (Argentina) were organizing an alternative summit to the meeting of heads of state of Mercosur that was about to be held in that city. Given the fight against water privatization that was taking place in Córdoba at the time, the counter-summit was going to have a strong water focus, and several Bolivian activists, including Óscar Olivera, planned to attend. I decided to join them as well, and thus I asked Red VIDA to put me in touch with the Argentine groups in charge of organizing the event to plan my visit.

After two days of road travel by bus I arrived in Córdoba a week before the official start of the event with the goal of participating in the preparatory process. Many activists from other Latin American countries arrived at different points throughout the week, and all of them attended the weekend events. These included demonstrations and a conference in which activists from different countries shared their experiences with water privatization. One of the visitors was Anil Naidoo, from the Council of Canadians’ Blue Planet Project, for whom I acted as interpreter in various events as he did not speak Spanish.

Through the course of the week, it became increasingly evident to me that the strength of the Red VIDA lies in the personal connections among activists, which are both cause and effect

of the relatively regular amount of personal interaction that they share through their work on water. Most of the activists that gathered in Córdoba greeted each other with the typical enthusiasm of reconnecting with someone whom you know well but whom you do not see very often. Many of the individuals I met in Argentina were present at the Cochabamba workshop that took place in the summer of 2008, and I also saw quite a few of them at the World Water Forum in Istanbul in March of 2009. Through these and other meetings, these activists had woven a web of personal relationships that was strengthened through multiple interactions over the years in both regional and global events. These repeated personal interactions proved central to the continuation of the international water movement in the Americas, a point that is reinforced when compared to the experiences of other regions.

Similar networks to Red VIDA have developed in parallel in other areas of the world. In all these cases we find, just as with the birth of the global water movement, that the specific water-centered movements originated out of broader movements for social justice. The European Public Water Network, for instance, was the product of the confluence of organizations with similar concerns that had come together for the European Social Forum that took place in Sweden in 2008. The example of the European Public Water Network, however, shows us the difficulties of keeping these networks alive. When the Network was originally launched, a webpage was put together by a member of the Transnational Institute, one of its founding organizations. Over three years later, the network has not seen any activity and thus the announcement of its creation is still the only entry on the website (Hoedeman 2008). Without any organization or activist taking on the responsibility of convening activities and facilitating

communication among members (in the way that we saw that Food and Water Watch or the Council of Canadians have done with Red VIDA in the Americas) the network just did not exist.

It is revealing to see how even the very organizations who initiated it assumed that the European network had disappeared. This became evident when, in a meeting held in December of 2011 to prepare joint actions for the 6th World Water Forum, several organizations announced, once again and without any reference to the previous effort, the formation of a European Public Water Network (Ecologistas en Acción 2011). Without any kind of activity taking place in the interim, European water-focused organizations had to start their work of coordination and network-building from scratch. It is still too soon to know if this network will continue to operate after the Marseilles World Water Forum, which only took place in March of 2012, but this is a clear example of how difficult it is to keep transnational movements alive, even at the regional level and for well-resourced organizations such as those operating in Europe.

It is thus not too surprising that the African Water Network had a similar experience. The formation of this network was encouraged by some of the Northern members of Red VIDA, and it was officially launched at the World Social Forum that took place in Nairobi (Kenya) in 2007. However, perhaps because it did not originate from African organizations the members of the African Water Network never had more than occasional interactions with each other. The outcome was that, as in the original European effort, the network was not sustained and it no longer operates as a separate space, even if water water activists from several African nations continue to be involved in the wider global water movement (Darcey O'Callaghan interview).

The diverse experiences of these regional networks highlight the challenges of keeping

transnational movements alive, and support my argument that occasionally meeting at global water events is not enough to sustain these types of movements. Frequent interactions that generate personal relationships and a common identity are necessary, and these are more likely to take place at a small scale even if, as the experiences of the European and African networks show, this is not a guarantee that they will succeed. For this to happen, there have to be organizations who play an active role as brokers and facilitators of interactions, just as several members of Red VIDA do.

The significance of this insight for the global water movement is that if there is a regional network that succeeds in remaining active and engaged, its members are much more likely to participate in and drive the global movement as a whole. This is exactly what we find with Red VIDA in the global water movement. In my description of the birth of the global water movement, I focused almost exclusively on the role played by organizations in the Americas. Similarly, when I review the Istanbul World Water Forum below we will see, once again, how organizations such as the Council of Canadians and Food and Water Watch, as well as activists from Latin America, seem to play a disproportionate role in my account. This is not to say that the global water movement does not include activists and organizations from other parts of the world, which it most certainly does. But the more developed state of Red VIDA compared to other regional networks means that its members do play an important role in leading and shaping the movement as a whole.

Thus far we have seen how the global water movement originated out of local struggles that were perceived as responses to the effects of global policies. But since the global water

regime presents itself as open to the participation of all actors in the water sector, why did the water movements decide to confront the regime from the outside? In the next section I explore the relationship between the global water movement and the global water regime in order to try to answer this question.

5.2. The Global Water Movement and the Global Water Regime

As I argued in chapter 2, the global water regime does not have a formal structure. It operates as a coherent regime thanks to the existence of ‘condensed’ ideas about water management which were developed and adopted by a number of influential actors in the 1980s, as well as to its operation through global initiatives in which these ideas are seen as the result of a consensus. These global water initiatives are invariably presented as open and participatory events in which all interested actors can expound their points of view and influence the conversation. But what are the implications for our understanding of the global water regime of the existence of a transnational social movement that stands outside and in opposition to the regime? In order to tackle this question, we must explore in some detail the relationship between the global water movement and the global water regime.

Since the early 2000s, when the global water movement was emerging, activists have been aware of the existence of a series of actors who push ideas for the water sector which they oppose. A document of the Blue Planet Project probably written in 2002 argues that “[p]rivate water companies are aggressively working with the World Bank and the International Monetary Fund to force developing countries to privatize water services” (Blue Planet Project n.d.). It also states that these actors have “enormous clout with the United Nations” and have been able “to

take control of the World Water Forum”, as well as “using international trade agreements like the World Trade Organization and the Free Trade Area of the Americas to take down domestic laws that restrict their access to water now protected by nation-states” (Blue Planet Project n.d.). Transnational corporations and international financial institutions, then, are seen as the main actors behind the new policies. The explicit mention of the importance of ‘controlling’ the World Water Forums in this text is also noteworthy.

The emphasis on the World Bank and the IMF (although always as agents of transnational corporations) is evident in other documents from social movement organizations and activists (see, for instance, Council of Canadians 2001; Grusky 2002; Petrella 2001, particularly chapter 2, ‘The Obstacle: the Lords of Water’). This emphasis is explained, in part, by the initial focus of social movements on water privatization, which they perceived as imposed through loan conditionalities by international financial institutions (as the case of Bolivia in chapter 4 shows).

We soon find, however, references to other types of actors. Given my formulation of the global water regime, the most interesting of these references are those that, from around 2003, try to find a term by which to call the collection of actors that push for water privatization. The International Rivers Network, for instance, coming from its interest on issues surrounding the construction of dams and paying specific attention to the actors behind the World Water Forums, talks about the ‘World Water Mafia,’ in which it includes the World Water Council, the Global Water Partnership, the Camdessus Panel, the ‘Big Dam Lobby’ of transnational corporations, and the World Commission on Dams (International Rivers Network 2003). Similarly, the International Consortium of Investigative Journalists writes about roughly the same group of

actors as ‘The Water Barons,’ which it describes as a ‘global oligarchy’ (International Consortium of Investigative Journalists 2003:10). Finally, activists Barlow and Clarke refer to the ‘global water lords’ and to an ‘emergent water cartel’ (Barlow and Clarke 2002). These examples show that, within the emergent water social movements, there was a growing perception that they were not only confronting the World Bank, but a complex of organizations with a high degree of influence on global events such as the World Water Forums.

The treatment of this complex of organizations in these texts suggests that the global water movement sees it as colluding in a global conspiracy to steal people’s water for profit-making purposes. The authors of these pieces do not undertake a detailed analysis of how this ‘collusion’ takes place. Yet the raw intuition that surfaces from their work is consistent with the concept of the global water regime, even if my formulation focuses on its system of governance rather than on its supposedly perverse intentions.

Having established that the global water movement perceives itself as fundamentally in opposition to the global water regime, it is necessary to ask: has the relationship between social movements and the global water regime always been confrontational? How have social movements engaged with the open and participatory nature of the initiatives promoted by the global water regime?

Early statements from the pioneers of the global water movement show the evolving nature of this relationship. Particularly interesting in this respect are Maude Barlow’s accounts of the role of the global water movement in the second and third World Water Forums, which took place in The Hague (The Netherlands) in 2000 and in Kyoto (Japan) in 2003 respectively.

As I mentioned above, there was no global water movement per se in 2000. A small number of activists from different countries decided to attend the World Water Forum in The Hague in order to protest the ‘World Water Vision,’ a document elaborated by a commission convened by the World Water Council which promoted the participation of the private sector in water provision.⁶⁴ As Barlow herself recounts:

Galvanized by these first local struggles, civil society groups from a dozen countries headed to the Second World Water Forum in The Hague in March 2000, where we met as the Blue Planet Project. Although we were not part of the official agenda, we gathered in any unoccupied rooms we could find to create our own Vision Statement to counter the Vision Statement of the World Commission on Water for the 21st Century. (Barlow 2007:124-5)

A statement from the Council of Canadians shows that it was only at that point that activists were beginning to understand and articulate their own position: “Not until the Second World Water Forum held in The Hague in March 2000 did the contradiction between the corporate exploitation of water and environmental sustainability and human rights become glaringly apparent” (Council of Canadians 2001:4).

From early on, then, the incipient global water movement was aware of its fundamental opposition to the views of the global water regime. However, it seems that once they started organizing and preparing for upcoming meetings, the movement still entertained the idea that they should participate in global water initiatives in order to make their voices heard. Barlow’s report after the 2003 World Water Forum in Kyoto is very telling in this respect:

There had been hard deliberations in our movement about whether we should attend the 3rd WWF at all. After all, this is really a show of the World Bank, some argued; you’ll never change their minds. But we didn’t set out to change their minds. We set out to register to all those groups, governments, UN agencies and

⁶⁴ I analyzed the World Water Vision in chapter 2.

media who take the World Water Council seriously, that the WWC doesn't speak for us or the millions and perhaps billions of the world's people who do not want the world's dwindling supplies of fresh water to be commodified and put on the open market for sale. (Barlow 2003:5)

Barlow adds:

as the Council of Canadians had been invited to co-convene (with the WWC) a major theme session on public private partnerships (PPPs), we spent many hours negotiating with the 3rd WWF secretariat for our own space and our right to submit an independent theme session statement on the topic. (Barlow 2003:2)

Notice how, up to this point and despite the evident divergence of opinions, the global water movement still felt that it could participate in the official Forum and even co-convene a session on the controversial issue of public private partnerships. Barlow concludes her report, however, with the explicit recognition that the movement requires its own, separate – which she labels 'social' – space: "Now comes the hard work of consolidating our movement, building on our vision toward action, and planning for a World Water Social Forum" (Barlow 2003).⁶⁵

This need for a separate space developed in the following three years. When the fourth World Water Forum took place in Mexico City in 2006, the global water movement had decided to organize an alternative forum in parallel to the official one called "International Forum in the Defense of Water."

The position of the social movements regarding their participation in global water initiatives reflects an element that I brought up in chapter 2: the global water movement sees a fundamental incompatibility between prioritizing access to water for the population (particularly for its most vulnerable sections) and the notion of water as an economic good. In their view, the

⁶⁵ Barlow's call for a World Water *Social* Forum, with the inclusion of the word 'social,' evokes the way in which the World Social Forum has become a progressive alternative to the World Economic Forum, to which the participating social movements and organizations object.

latter is inextricably linked to the profit-making goals of transnational corporations and these are bound to conflict with the need of those who cannot afford to pay the cost of provision of water. This is what explains and justifies their frontal opposition to the events and institutions of the global water regime. As the Joint Declaration of the Movements in Defense of Water, adopted at the end of the alternative water forum in Mexico City, stated, for the social movements:

Water in all of its forms is a common good and access to water is a fundamental and inalienable human right. Water is the patrimony of communities, of the people, and of humanity, the basic element of all life on our planet. Water is not a commodity. For these reasons we reject all forms of privatization, including that of public-private partnerships that have been revealed to be a complete failure around the world. (International Forum in the Defense of Water 2006)

This statement clearly shows that besides pragmatic considerations having to do with the failure of privatization schemes in the water sector, the position of the social movements is based on the principle that water is not a commodity, but a human right.

In contrast, and also as I showed in chapter 2, the actors from within the global water regime claim to adopt only a pragmatic stance that sees no fundamental incompatibility between the views of water as economic good and as human right. For that reason, the World Water Forums have typically included panels on the human right to water, and statements regarding such a right have been incorporated in many of the documents generated in global water initiatives.

In this section I have established that the relationship between the global water movement and the global water regime is confrontational, since the social movements perceive that: a) the ideas and policies pushed for by the main actors in the regime are fundamentally opposed to and prevent the achievement of the movement's social goals; and 2) the ideas at the core of the global

water regime are not going to change, and thus participating in the events and forums of the regime is pointless, which means that they need to be opposed from the outside.

At this point, a set of important questions arises: what has been the overall impact of the global water movement and its strategy? Has the movement managed to affect the ideas of the global water regime at all? Has it been able to change the discourse and practices in water management around the world? These are relevant questions because they aim at figuring out how truly open and participatory the global water regime is, which is essential to understand its true nature and how it operates. In order to answer these questions, in the last section of this chapter I will present the evidence that I collected in my visit to Istanbul in 2009 to attend the 5th World Water Forum.

5.3. The Istanbul World Water Forum

The 5th World Water Forum took place during an entire week of March in 2009, in a vast complex located on Istanbul's Golden Horn. Over 33,000 people attended a meeting for which the entrance fee (for the entire week) reached US\$500 (although thankfully for a poor graduate student, there were significant discounts for attendees from developing countries, young people and students). In consonance with the high fee, the Forum had all the features of a highly professional meeting. Hostesses greeted visitors at the airport, where stations were set up to facilitate accreditation for the Forum. Specially deployed free buses provided transportation from the airport to several areas in the city, a trajectory which gave visitors the opportunity to admire the many wonders of Istanbul as well as to become acquainted with the large amount of glossy materials included in the registration package.

On the Forum's opening morning, activists from the global water movement, in coordination with local groups, staged several protests. Inside the Forum, a banner against large dams was unfurled during the inaugural session by two members of the International Rivers Network, who were arrested and deported. Outside, 150 protesters marched towards the Forum's entrance while chanting "water for life, not for profit." They were dispersed by Turkish riot police, who used water cannons and tear gas and arrested seventeen of them (Environment News Service 2009).

Inside the Forum's complex, a number of pavilions were set up to host a wide diversity of events. There were approximately 115 official sessions divided in six different themes: Global Change and Risk Management; Advancing Human Development and the MDGs; Managing and Protecting Water Resources; Governance and Management; Finance; and Education, Knowledge and Capacity Development. These themes, following the open spirit of the global water initiatives, were arrived at in a participatory manner through several meetings held over the previous two years. Over 300 organizations were represented in these meetings, and the organizing committee also received over 700 contributions from around the world through the Forum's website (5th World Water Forum Secretariat 2009:2).

Given my interest in the relationship between the views of water as a human right and as an economic good, I attended mostly sessions in themes 4 - Governance and Management, and 5 - Finance. Each theme had an organization acting as coordinator and was divided in three or four subthemes or topics. For theme 4, the coordinator was the United Nations Human Settlements Programme. The most relevant part of this theme for my research was topic 4.1, devoted to

“Implementing the Right to Water and Sanitation for Improved Access” and coordinated by the Centre on Housing Rights and Eviction (COHRE) and by the Freshwater Action Network. These are both progressive nongovernmental organizations that support the right to water, which raises a fundamental question: why were progressive institutions who share the goals of the global water movement involved in the official sessions of the Forum? In what remains of this section I will provide evidence to help me answer this question, and I will return to address it directly at the end of the chapter.

All the sessions in topic 4.1 had a very pragmatic approach to the right to water. They were not devoted to discuss whether states should adopt the right to water and what such an adoption would imply. Instead, they focused on how local governments, water utilities, and NGOs can help meet the human right to water, that is, what actions they undertake to help the most vulnerable gain access to the resource. Most of the sessions in this topic consisted of presentations in which a range of organizations shared their stories about how they help ensure water access. The list of organizations that convened these sessions reveals that all of them were either United Nations agencies or NGOs, and thus neither IFIs nor private sector institutions took part officially in any of these panels. Moreover, in none of them was there a discussion of water as a right in opposition to water as an economic good. The conversations in these sessions simply seemed to assume the existence of a generic right to water as an imperative to help vulnerable populations obtain access to water, and most contributions just highlighted the way in which well-meaning organizations try to reach this goal. The conclusion that I drew from the sessions that I attended in this theme was that, although they focused on the notion of water as a right, the

way in which such as right was conceived was quite different from the understanding that the global water movement has of it, and particularly of the way the social movements see it in direct opposition to water as a commodity.

The sessions in theme 5, dedicated to financing water provision, proved much more controversial and telling about the relationship between the global water regime and social movements. Not surprisingly, the organization in charge of coordinating this theme was the World Bank, and its orientation and positions clearly permeated all the sessions. The list of organizations invited by the Bank to coordinate the theme's twelve sessions looks very different from that of topic 4.1. Of the 17 coordinators (this figure accounts for the fact that some sessions had more than one coordinator and some organizations coordinated more than one session), international financial institutions (the World Bank-based Water and Sanitation Program and the European Investment Bank) were listed 5 times. The Organization for Economic Cooperation and Development (OECD) was also listed 5 times. Private sector organizations (the transnational corporation Suez and the business association of water firms, AquaFed) were listed twice. The remaining five coordinators were the French aid agency, two support organizations for water managers linked to the French and Dutch governments respectively, one United Nations agency, and one water research institute. Except for the World Bank, which is located in Washington DC, the other nine different organizations that played the role of coordinator for this theme are based in Europe (and five of them in France, the country where the largest water multinationals are located and whose government has been one of the strongest advocates of the role of the private sector in water provision).

The composition of the organizations in charge of coordinating themes 4 and 5 confirms the findings that I presented in chapter 2 regarding the participation of different types of organizations in a variety of global water initiatives. In the case of theme 5, it is telling that in the sessions dealing with the issue of how to generate revenue and attract funds for water provision, which are the main goal of policies such as privatization and full cost recovery, IFIs, the OECD and the private sector were predominant, whereas other types of organizations such as NGOs were not represented at all.

What was the composition of the different panels organized within theme 5? The different coordinators invited a diversity of actors to participate in the panels, including in one case a radical researcher closely associated to the global water movement, David Hall. However, the overwhelming majority of the panelists either were members of governmental agencies or belonged to the same organizations that monopolized the coordination of the panels: the World Bank, the OCED, AquaFed, and private operators. Of 54 identified panelists, 15 belonged to some kind of governmental organization, 12 were from the private sector, 9 from IFIs, and 9 from bilateral aid agencies. Only 4 were from NGOs, social movements or foundations.⁶⁶

Beyond the quantitative composition of the panels, as an observer in most of the sessions I perceived a remarkable degree of consistency and repetition in the messages that were promoted in this theme. This does not necessarily mean that there was a deliberate attempt to promote specific policies in a coordinated way. But, at the very least, it shows the high level of coherence in these actors' views about how to finance the water sector (which is consistent with

⁶⁶ The 54 panelists are extracted from the official list for 9 of the 11 panels in theme 5 (there is no available information for two of the panels) on the Forum's website: <http://portal.worldwaterforum5.org/wwf5/en-us/themes/Theme5/Pages/default.aspx>.

the point on ‘condensation’ that I introduced in chapter 2). From the sessions that I attended, I identified two main messages that were repeatedly advanced, which correspond to the policies of privatization and full cost recovery that had been pushed for in the 1990s, although in a modified form:

1. The private sector has a role to play in water provision: although many actors recognized that the previous push to privatize water utilities had not worked and that the private sector should not (and could not) be the only one responsible for water provision, they insisted that the expertise and resources of the private sector can make a meaningful contribution to water access. Several examples of the successful private provision of water in different parts of the world were presented, and new formulas of private sector participation such as management contracts (as opposed to long-term concession contracts) were highlighted. Complaints from the audience about the negative impact that private firms have had for water access were addressed by arguing that all approaches have failures and by recognizing that some mistakes had been made in the pursuit of privatization in the 1990s. But the general message was that the aggregate evidence available shows a positive impact of the private sector in the water domain overall.
2. Sustainable cost recovery: the recurrent emergence of this concept throughout the theme’s sessions seemed predetermined since the introduction to theme 5 in the Forum’s program states: “The fact that ‘someone has to pay’ for water infrastructure will also be addressed, together with the need to move towards sustainable cost recovery with due regards to the

needs of the poor” (5th SWorld Water Forum Secretariat 2009:52). The old notion of ‘full cost recovery,’ which was associated to the problems of the 1990s, was abandoned and replaced in the panels by sustainable cost recovery. This formulation takes into account that some people will not be able to afford water at its full cost of provision, and thus accepts that they will have to pay a smaller amount. Yet, as it was made clear in several interventions, revenue from tariffs has to be sufficient to ensure the sustainability of the service, and thus full cost recovery remains the long-term goal. In the final wrap-up session for the theme, an official of the World Bank in the panel stated that “free water is bad for poor people.” With this, he meant that without the revenue from tariffs water utilities cannot operate and vulnerable populations are bound to be the first to suffer the consequences of bad service.

The ideas presented in the World Water Forum are then not identical to those promoted by the global water regime in the late 1990s and early 2000s. I did not hear anybody defend outright privatization through long-term concession contracts or full cost recovery in Istanbul. In this sense, it can be argued (as some activists told me explicitly) that the protests of social movements have had an impact on the global water regime. An alternative interpretation of this shift, also expressed to me by attendees to the Forum, is that the policies of the 1990s had some drawbacks and brought about negative consequences. The sector thus learned from the mistakes of the past and changed its policies in order to avoid those problems.

These views assume very different dynamics in the global water sector. The first one

implies that the action of social movements is to a certain extent successful in pushing the regime away from its most extreme policies. The second assessment denies any impact of the global water movement, and instead argues that the global water regime, although not infallible, evolves and changes when some of its policies turn out to have negative consequences. I do not think that it is possible to separate these explanations, since the realization of the negative effects of past policies was necessarily linked to instances of social mobilization and protest against them.

In any case, what this discussion shows is that there have been some changes in the policies proposed by the global water regime. The key question, however, is: how significant are the changes manifested during the Istanbul World Water Forum? Do they imply a change of course? Or are they just minor adaptations?

Perhaps not surprisingly, neither the activists in the global water movement nor the members of organizations central to the regime think that these changes involve a radical shift in orientation, although for different reasons. As the ideas promoted in Istanbul that I reviewed above suggest, the World Bank and kindred institutions continue to believe that the private sector needs to play a role in water provision and that financial sustainability through increased water tariffs is key. The modifications that they introduced to these policies are perceived by these actors as a refinement of their approach, not a change of course. This was confirmed by interviews with members of several of these organizations (Menahem Libhaber interview).

Similarly, the global water movement does not think that the regime has changed its views, as its approach to the World Water Forum indicates. According to an email sent to the listserv used by the global water movement to coordinate its actions for the Forum, 270

international activists traveled to Istanbul. Similarly to what had happened three years before in the Mexico World Water Forum, these activists adopted a very critical stance of the Forum and the ideas that are promoted in it. They organized an alternative forum and, as I described above, they demonstrated against what they call the ‘corporate-driven agenda’ of the official Forum.

However, the global water movement did not remain completely removed from the Forum. During the preparatory process several activist organizations submitted proposals to apply for the organization of ‘side events’ within the official Forum. There were 103 of these ‘side events’ (as listed in the program) that took place over the course of the entire week in Istanbul. These events fell outside of the sessions pertaining to the main six themes of the Forum, and were organized by all kinds of institutions that had previously applied for the opportunity to do so. The allocation of side events to organizations was done by the Forum’s Secretariat with the goal of giving voice to as diverse a range of voices as possible. The organizations associated to the global water movement managed to get only one ‘side event’ approved. It was coordinated by the Transnational Institute and titled “Implementing the Right to Water: Democratization and Public-Public Partnerships.”

Even if it took place within the official Forum, this event had a very different feel from the official sessions. It was located in a remote room that took me 20 minutes to find (as opposed to the main sessions which were all located in easily accessible rooms), and the crowd was overwhelmingly composed of Turkish and foreign activists. Before the session began, a statement was read denouncing the illegitimacy of the World Water Forum (more on this below) and its corporate-driven agenda, and through each presentation it became evident that the

speakers had fundamental objections to the ideas at the core of the global water regime. Why, then, did the movement apply for a 'side event' at the official Forum?

According to the emails sent to the listserv used by the global social movement to prepare for the World Water Forum, there was no coordinated strategy to apply for side events. Different organizations made their decisions to apply for these sessions independently and used the email list to inform everyone else in the movement.⁶⁷ The reasons that different organizations have to apply for side events, then, vary. But from the actions of the global water movement in Istanbul it was obvious that its members were trying to publicize their ideas and opposition to the Forum as much as possible, and acting within the Forum, which was much better attended and covered by the press than the alternative forum, would give them much sought visibility.

This approach to the official Forum transpired from the conversations that the activists who visited Istanbul held in nightly meetings at the downtown Crystal Hotel, in which the movement gathered to discuss the developments of the day and prepare actions for the following one. These meetings were attended by between 30 and 60 activists every night, and were facilitated by Anil Naidoo, from Canada's Blue Planet Project (thus showing again the leadership exercised by the Red VIDA). The meetings were held in English, but the Latin American contingent, which was numerous and often not entirely fluent in English, sat together while a bilingual activist volunteered to translate what was being said to them. When a Spanish speaker wanted to intervene, her words were also simultaneously translated into English. The meetings were very informal, passionate and even agitated. The opposition to the official Forum and the

⁶⁷ The emails show, for instance, that the International Rivers Network submitted proposals to organize two sessions, and both were rejected.

ideas promoted in it was palpable and often led to impassioned speeches followed by enthusiastic rounds of applause. It was interesting to see how different activists adopted different roles during the meetings, roles which were reinforced and replayed as the week went by. Maude Barlow, for instance, the Canadian activist who, as I described above, was instrumental in the initial efforts to build a global water movement, acted as what I refer to as the 'grandmother' of the movement. Whenever frustration or anger developed among the audience, she would take the floor and give a pep-talk, praising the hard work that the activists were doing and encouraging them to continue their efforts.

More interesting, however, was the way in which the meetings at the Crystal Hotel spoke about how the global water movement related to the official Forum. The first portion of each meeting was devoted to sharing the activities that different people had engaged in during the day. These were in turn divided between 'inside' and 'outside,' referring to actions that had taken place within the official Forum and outside of it respectively. Consistently with the point I made above, the main goal of the activists who were 'inside' the Forum was to attend the sessions in which the ideas they opposed were promoted (mostly those of theme 5, on finance, involving private sector participation and cost recovery) and express their rejection by challenging those ideas in the time allotted to questions from the audience. Some of these activists were extremely animated and confrontational, and I saw some of them being removed from the room by security guards a couple of times because they were disturbing the flow of the sessions. Participation in the Forum, therefore, was seen mainly from the global water movement as a way to manifest and publicize that the ideas advanced by the global water regime are problematic and that there is

opposition and alternatives to them.

There was still another type of ‘inside’ actions by the global water movement. This one had to do with the role played by the national governments close to the movement, such as those of Bolivia, Cuba, Venezuela and Ecuador. Members of the official delegations from some of these countries attended the meetings in the Crystal Hotel and informed the audience about the negotiations taking place to draft the Forum’s official governmental declaration. The goal of these progressive governments, supported by the activists present in Istanbul, was two-fold. First, and similarly to what had happened in the Mexico City World Water Forum three years earlier (which I reviewed in chapter 4), they wanted the declaration to contain an explicit recognition of water as a human right. Secondly, these governments wanted to include a statement in the official declaration demanding that future World Water Forums be organized by the United Nations instead of by the World Water Council.

I find the latter point extraordinarily revealing. It shows that the global water movement opposes not only the ideas about water management that are promoted in the Forums, but also the system of governance that generates and promotes those ideas. The global water movement does not have a well-formed understanding of the existence of a coherent governance regime in the water sector, at least not beyond its generic denunciation of conspiratorial linkages between actors through terms such as the ‘world water mafia.’ But in demanding that the Forums be organized by the United Nations, the social movements are implicitly claiming that the system through which water policy is made and promoted is illicit. They participate (mostly in a confrontational way) in the official Forum because they recognize that it is one of the sites where

water governance is done, but they have ‘outside’ activities and organize an alternative forum because they see the system of water governance as illegitimate.

Equally interesting is the social movement’s demand that the Forums be organized *by the United Nations*. The global water regime, as I described it in chapter 2, embodies a new system of global governance in which states are not the sole or even the main actors. The global water movement’s demand for a leading role by the United Nations can then be seen as a call for a return of the state to water governance. The global water movement sees the United Nations, which represent a system of global governance that stems directly from states, as legitimate because it assumes that it will defend the interests of the population better than the current corporate-oriented system. This is particularly intriguing because recent global mobilization for social justice has taken place under the assumption that increased participation of non-state actors is necessary, especially when governments are seen as captured by corporate interests. Yet the case of the water sector shows that opening governance up allows all kinds of actors to participate, including corporations and others whose goals might clash with those of social movements. When these actors are perceived as dominating and taking control of governance processes, as is the case in the water domain, social movements then see state-centered governance (at least when it is channeled through the United Nations) as a progressive alternative.

The two demands that the global water movement and its allies tried to introduce in the Forum’s official governmental declaration – the human right to water and the organization of the World Water Forums by the United Nations – dominated a large part of the ‘inside’ discussions in

the Crystal Hotel meetings. Whereas in Mexico only four countries signed the complementary declaration defending the right to water introduced by Bolivia, in Istanbul numerous nations were willing to recognize such a right. The opposition by many governments to the clause meant that it could not be part of the official declaration, since that one needs to be adopted by consensus (and therefore rarely includes any controversial statements or commitments). But the push to add the demand that the United Nations organize future Forums complicated the drafting of an alternative declaration, since some countries agreed to include the recognition of the human right to water but not the new request. This led to heated discussions in the movement's meetings about whether it was better to separate the demands into different declarations, thus ensuring higher numbers of signatories for the one containing the human right to water, or whether both should be kept together in one declaration, which would more accurately reflect the social movement's views but risked garnering less support. In the end, both activists and the government officials present in the meetings agreed to issue two separate declarations. The declaration containing the human right to water was finally signed by 24 countries, and the statement regarding the illegitimacy of the World Water Forum by 10 (Dharmadhikary 2009).

The 'outside' activities engaged in by the global water movement in Istanbul consisted in the Alternative Water Forum, which took place at a local university over two days, and another day-long session of talks and statements by the global movement in a central Istanbul hotel. Throughout these events, the same ideas that were pushed inside the official Forum were conveyed, thus reinforcing the message that there is a fundamental incompatibility between the approach of the World Water Forum and that of the global water movement.

5.4. Conclusions

Through a brief overview of the history, form, and operation of the global water movement, this chapter has attempted to illuminate the limits of the global water regime as a system of governance and the consensus that it claims to reflect.

As the foregoing evidence reveals, there is an active and well-organized social movement that sees the global water regime as biased in favor of the interests of large corporations and pushing for policies that have negative consequences for the general public and particularly for vulnerable populations. This problematizes the self-characterization of the global water regime as participatory, although it does not necessarily deny its openness. As we saw above, progressive organizations such as NGOs do participate in the initiatives of the global water regime, which devote specific attention to topics such as the human right to water. Moreover, we have also seen that the ideas of the regime are not static and have evolved through time. What assessment can we make of the global water regime given this evidence?

In the end, this assessment depends on the position that one adopts regarding the relationship between the views of water as an economic good and water as a right, which explains the radical position of the global water movement. As I argued in chapter 2, the central ideas of the global water regime, as originally formulated in the Dublin Statement, assume that water as an economic good and as a right are not only compatible, but that in fact the former is necessary to achieve the latter. From this perspective, the actions of the organizations at the core of the regime and the structure of the global water initiatives make perfect sense. They strongly pursue the proper valuation of water and the financial sustainability of service provision, yet they

do so with the goal of expanding water access to ensure that everyone will be able to enjoy the resource.

This also explains the participation of progressive organizations in global water initiatives. They do not need to share all of the ideas and policy prescriptions of the regime, but as long as they do not perceive a complete incompatibility between these ideas and the possibility of improving access to water for the most vulnerable, involvement in the initiatives is justified. Beyond the evaluation of the content of the policies promoted by the regime, another reason for participating in the global water initiatives is the role that such initiatives play as governance sites. If I am correct that it is precisely in these events that the global governance of water takes place, it makes sense for actors to participate *even* if they disagree with the outcomes of the process. I would argue that this is one of the reasons why, even if in a confrontational way, the global water movement attends the World Water Forum and has ‘inside’ activities. Its oppositional stance reflects its perception of the initiatives as biased and non-susceptible to meaningful change, but its denunciation of their illegitimacy is in itself a recognition that they are the sites where the global governance of water occurs.

For the social movements, however, there is a fundamental incompatibility between the view of water as an economic good and as a human right. Since the movement prioritizes the latter, any policies and initiatives that promote the former are perceived as an attack to the right to water, and thus are frontally opposed.

Is the global water movement then excluded from the regime, or does it purposefully choose to remain removed from it? Given the foregoing discussion, the perhaps unsatisfactory

answer is that it depends on the view that the observer holds about the relationship between water as an economic good and water as a right. If one believes that they are compatible, the social movements can then be seen as choosing not to participate and, as several observers have explicitly argued, it can be even said that this is the result of their radical, impractical and unrealistic stance (as the South African water manager quoted in chapter 3 said, social movement activists can be seen as ‘loonies’). If, on the contrary, one believes that managing water as an economic good precludes the fulfillment of water as a right, then it makes sense to argue, as the global water movement does, that even if not formally excluded, their participation in the regime is impossible because their ideas are dismissed and fundamentally denied by the view advanced in global water initiatives. In this sense, the social movements are excluded from direct participation in the global governance of water, and their only option if they do not want to admit defeat and ‘sell out’ is to confront the regime from the outside.

There is, however, one final consideration to make. When I discussed the global water regime in chapter 2, I argued that although a general agreement over the principle of water as an economic good was reached in the 1980s, its translation into the specific policies of full cost recovery and private sector participation was much more controversial. I then claimed that a proper assessment of the extent to which these policies were compatible with the view of water as a right could only be made by analyzing their specific application on the ground, which is why I studied the cases of South Africa and Bolivia. Given what we learned in chapters 3 and 4, then, is it possible to evaluate the practical compatibility between the notions of water as an economic good *as actually implemented* and water as a right? And if that is the case, what can we say about

the nature of the global water regime as a system of governance and about the role of the global water movement? In the concluding section I consider all the evidence presented in this dissertation to answer these questions and complete my analysis of the global water regime.

Chapter 6: Conclusions

In the introduction to this dissertation I argued that my main goal was to understand the organization and operation of the global governance of water by following the trajectory followed by ideas and policies about water management between the global and the local levels. What have we learned from this exploration?

At the core of my analysis is the concept of the global water regime, which I described as a decentralized and non-formal system of global governance. I argued that such a system can work thanks to the ‘condensation’ of ideas that are shared by different actors, thus making their independent activities compatible and complementary. The ‘condensed’ ideas in the global water regime rest on the view of water as an economic good. However, I identified a complicating factor in the determination of these condensed ideas. This is given by the existence of two levels at which the notion of water as an economic good operates. The first one is the level of principles, at which water as an economic good essentially implies the proper valuation of water as a scarce resource that needs to be managed and used judiciously. I argued that in the 1980s a generalized adoption of this view took place across the water sector. The second level refers to specific policies, to the way in which principles are translated into particular actions directed to the provision of water. It was at this level that I identified a divergence of opinions.

The global water regime, as it developed in the 1990s, presented the agreement around the *principle* of water as an economic good as directly associated to the *policies* of privatization and full cost recovery, thus convincingly promoting the illusion that the consensus over the former implied a consensus over the latter. This illusion was further reinforced by the open and

participatory character which the regime persuasively projects about itself thanks to its decentralized and informal nature. This perceived openness imbues the regime and its policies with legitimacy because it implicitly sends the message that, if there was no consensus over these policies, any and all actors could voice their opposition and challenge their adequacy. The final piece of the puzzle that completes the image of the policies promoted by the global water regime as commonsensical and non-controversial is the stated compatibility, which we can originally find in the Dublin Statement, between the policies associated to the view of water as an economic good and the social objectives underpinning the notion of water as a right. This compatibility serves to obscure the fact that the policies promoted by the global water regime represent a radical break from a long tradition of water management in which social considerations took precedence over economic and financial ones. This is not to say that the move towards taking the latter more seriously than in the past is not a valuable or even a necessary step at a time of increasing water scarcity. Yet the global water regime affirms the compatibility between managing water as an economic good (through privatization and full cost recovery) and guaranteeing water as a right as its starting point, instead of as a conclusion drawn from the results of the practical implementation of these policies in specific contexts.

In this dissertation I have attempted to reverse this process by uncovering the logic and mechanisms of operation of the global water regime and then studying the effects of its policies in South Africa and Bolivia.

The evidence from these two cases shows that, in practice, the implementation of policies driven by the view of water as an economic good as promoted by the global water

regime in contexts where there is poverty and inequality presents practical challenges for the goal of guaranteeing access to water. In both South Africa and Bolivia my investigation found that the new water policies adopted had negative consequences for vulnerable populations, and that even after the rise to power of radically progressive governments who adopted policies such as free basic water and outlawed privatization, citizens felt that the security that previous approaches to water delivery provided them is lost. This, however, raises a problem because if governments provide free basic water and outlaw privatization they are, by definition, not applying the policies that I associated to the global water regime above. How can we make sense of this situation?

A first approximation to an answer to this conundrum is provided by the South African activists of the Coalition Against Water Privatisation who, when confronted to the evidence that there is no privatization of water provision in most of South Africa, responded that the problem is not so much the property of the water utility as the *way* in which water delivery is approached. I referred to this as a certain *logic* of operation in chapter 3, which is, for instance, what drives water managers in Johannesburg to install prepaid meters or to disconnect the service to poor people for non-payment. A ‘certain logic,’ however, is a rather ethereal notion on which to base an explanation for what appears as fairly contradictory behavior (since the very same managers who adopt policies that are criticized as ‘neoliberal’ are often progressive individuals with a commitment to provide water to vulnerable populations). That is why, also in my exploration of South Africa, I paid particular attention to the concept of ‘ring-fencing.’

The power of using ring-fencing to understand the adoption of certain water policies is

that it allows us to identify the position at which water decision-makers are forced to take the policies that they are criticized for *irrespective* of their ideological stance and their ultimate goals. When a manager is in charge of a ring-fenced utility, which precludes the reception of funds that are not generated through the core operation of water provision, she finds herself with no other alternative than to charge users for the amount that it costs to run the system. That is, the manager *has* to apply full cost recovery. Notice, then, that full cost recovery is not the policy choice of the decision-maker, but the only practical solution to a specific managerial problem with which she is confronted. ‘Pragmatism’ is precisely the way in which the manager rationalizes her policy adoption, and this is why she perceives outside critics as ‘loonies’ who ‘do not understand’ the practical requirements of providing water.

The notion of ring-fencing allows us to identify that the reason why certain policies are implemented lies at a different scale. The local water manager has no control over the decision that forces her to operate in a ring-fenced environment. In fact, she does not even consider a different possibility because her expertise and range of action is and has always been limited to water provision. But the focus on ring-fencing highlights that the practical decisions emphasized by water managers are the result of the explicit decision, made by other actors at a different level, that revenue generated from sources other than water delivery cannot be used to cover the costs of the water utility. This decision responds to a concern with efficiency, and in this sense it does imply an implicit prioritization of efficiency over equity concerns. But because it takes place far removed from the operation of the water utility, the explicit nature of this decision is obscured and appears merely as the nature of water provision.

Thinking about ring-fencing in these terms allows us to understand why we can find water managers in Bolivia, for instance, passionately defending the human right to water and opposing the privatization of water provision, yet at the same time disconnecting the service of poor people for non-payment.

The foregoing discussion also directs our attention to the diverse nature of different policies and the implications that this has for how they are associated to specific outcomes. Privatization is a very conspicuous policy: it is explicitly adopted, it involves a change of ownership or management, it often brings foreign actors to the local level, and it is directly associated with tariff increases and other very visible consequences. This explains the overwhelming focus that privatization has received in the last two decades as changes in water policy have developed. In contrast, ring-fencing is a far removed measure that determines the specific policies that will be adopted, but it is not directly felt by the population. This makes it mostly invisible, to the point that it often goes unnoticed. Ring-fencing's distant nature also justifies thinking about it as part of a given logic of water provision, a way of approaching the delivery of water. Even if it originates in the search for efficiency and in ring-fencing, this logic goes beyond it and incorporates a series of moral approaches or expectations in water provision. These include, for instance, the individualization of responsibility for access to water, the linkage between levels of service and the amount paid for them, or the prioritization of what are perceived as technical considerations over cultural or ideological ones. It is thus not surprising that this form of water delivery is associated with neoliberalism.

The practical identification of incompatibilities between the policies adopted following

the view of water as an economic good and rights or equity concerns does not mean, however, that we should see water as an economic good and water as a right necessarily as a dichotomous choice. As my exploration of the global water movement in chapter 5 showed, activists tend to present these two concepts as antithetical, which gives them clear universal policy prescriptions that make mobilization and political action easier (i.e. privatization should be completely forbidden in all forms!) But as I also indicated in chapter 5, there are a number of dimensions to water policy and the specific position adopted in one of them does not necessarily determine the position that needs to be taken in others. Some of these dimensions, for instance, are the type and extent to which subsidies are acceptable, the different possible forms of property of the water utility, the degree to which restrictions of service are allowed, or the level of participation that different stakeholders can exercise in determining water policy. While some actors certainly advocate extreme positions that do not consider any compromise in any dimension, the cases explored in this dissertation show that, in practice, water policy presents much variation across all these dimensions.

This should not be interpreted as saying that there is a 'right' mix of positions in all these dimensions that will achieve the best possible outcome in water provision. For once, these decisions can only be made taking into account the specific context of application. I have shown how the circumstances of South African history generated controversy over whether people should pay for water at all in the country, whereas this has generally been taken for granted in Bolivia, where the discussion has revolved around how much should people pay for water. Moreover, there are no perfect mixes of policy because there are fundamental trade-offs between

different decisions. It is possible to provide all water for free for everybody, but that will have implications in other dimensions that might make it a very bad idea even in terms of guaranteeing access to water. Thus it is inevitable that moral decisions will have to be made, and these cannot be predetermined by a technical formula. Sometimes, these decisions will even have to be based on cultural considerations. In some of the interviews with officials of international organizations in Bolivia, the unreasonable nature of forbidding the delivery of water for profit was pointed out to me. In many cases, this type of policy is justified by referring to the practical negative consequences that the profit motive can have for water provision, such as when AISA avoided expanding its network to poor and thus unprofitable areas of El Alto. But many indigenous activists in Bolivia argued that water is a sacred resource, the blood of the Earth, and that as such its sale for profit is a sacrilege. These types of arguments can, and often are, dismissed by a number of actors. But that does not mean that these considerations are not perfectly valid to guide water policy.

It is precisely because of these reasons that the study of the global water regime and its operation is important. If we uncritically accept the claim that there is a consensus based on technical knowledge, we are in fact dismissing the existence of power relations that determine which ideas are considered rational, deserving and accepted as part of that consensus. My analysis of the global water regime has shown that, despite its apparent lack of organization and formal structure, it is a coherent system of governance. Its informal character makes it a very powerful system, since it manages to present the principles and policies that it supports as the result of an open, participatory and power-free process. This depiction of the global water regime

should not be interpreted as saying that it is the result of an evil conspiracy. I used Gramsci's concept of 'condensation' precisely to build a coherent explanation of the emergence of the global water regime without having to invoke implausibly far-sighted intentional plots by the World Bank or any other organization, as well as to not have to limit the account of the origins of the regime to one or even a few actors. This is not to say, of course, that the global water regime is an accidental phenomenon. My point is rather that a historical and analytical exploration of the birth of the regime shows that the combination of purposeful actions by agents with different goals and capacities resulted in a specific conformation of the system of global governance of water that, although unplanned and without being formally agreed, has adopted a specific form that advances the interests of certain actors while it denies the fulfillment of others.

Moving beyond the specifics of the water sector, the global water regime is significant because it highlights the emergence of new forms of global governance that are forcing us to reconsider our understanding of governance itself. For quite some time now we have moved past the view of the global arena as an anarchic terrain in which states battle for influence and supremacy. However, even if we have come to accept the role of a wide range of actors in international affairs, we still conceive of governance as a process in which states play a significant role. The role adopted by the state can vary widely, from that of initiator of governance processes, to regulator of the actions of other agents, to decider of last resort in processes mostly driven by different actors. Yet we assume, particularly when it comes to issues that have a significant effect in people's lives, that states are still directly involved and play a significant role in governance processes. The case of the global water regime, however, shows us

an example of global governance that, not only emerges in an uncoordinated way and adopts a form that was not envisioned beforehand, but in which states do not play a central or even a major role. The global water organizations at the center of the regime, those who convene the global water initiatives where the governance of water takes place, were not conceived or founded by states, and states do not have any control or even veto power over their actions. In fact, my analysis of the types of organizations that dominate the most influential global water initiatives shows that private for-profit actors are often much better positioned to determine their outcomes than states.

The main implication of this discussion is that we should expand our understanding of what global governance is and how it takes place, and be alert and open to identify new forms that we perhaps had not considered possible before. We should also pay attention to the implications of governance systems for sensitive issues in which, for a variety of reasons, states are not key players. This is not to say that governance processes cannot work properly if states are not at their center. But we should keep in mind that the exercise of governance involves the need for representation and accountability, and whereas these elements are traditionally well defined in the case of states (even if they often present serious weaknesses in their operation), it is much less clear how they can be guaranteed when states are not present. This is, then, a call for caution and forward thinking in dealing with the changes that global governance is experiencing in an increasingly globalized world.

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