

'El Agua es de Todos/Water for All': Water resources and development in Uruguay

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ABSTRACT Javier Taks describes the process leading to the 2004 Water Referendum and how the promises now included in Uruguayan Constitutional Law can be met. He argues that three years after the referendum, there are old and new actors talking in the name of water in an unresolved economic transition. On the one hand, the re-emergence of a model of national development based mainly on exporting Uruguay's natural resources for global markets, where easy access to surface and underground water represents a comparative advantage to attract corporate foreign productive investments needed to strengthen the national economy. On the other hand, the water social movement, represented by the Comisión Nacional en Defensa del Agua y la Vida, appears as opposing the general orientation of this development model at work. He suggests that the water movement, in association with other popular organizations, is striving to find a balanced position between participating with the government towards a national water plan and maintaining its autonomy.

KEYWORDS world social forum; rights; social justice; NGOs; public/private; sustainability

Introduction

During the 2006 decentralized World Social Forum in Caracas, representatives of NGOs and social movements from the Americas and Europe who contest the commoditization of water subscribed to the Caracas Declaration (<http://www.movimientos.org/fsm2006/show.text.php3?key=6329>, accessed 22 October 2007). This declaration states that water is a common good and a fundamental human right, and therefore every person must have access to potable water according to his/her needs before the resource goes to profitable-oriented uses. Secondly, it points out that the provision of water should fall in public and not private hands to warranty the above-mentioned right to water. Finally, sustainable water management must be pursued taking the river basins as units of analysis and, foremost, as a locus for citizen participation on planning, management and control. Not surprisingly, the same principles were included one and half years earlier in the Uruguayan Constitutional amendment voted on the 31 October 2004 by 65 percent of the citizens in the so-called Water Referendum

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(*Plebiscito del Agua*). (<http://www.parlamento.gub.uy/constituciones/const004.htm>, accessed 22 October 2007)

The Water Referendum was the result of a two-year campaign organized by a popular alliance of trade unions, grassroots urban movements, environmental NGOs and fractions of political parties, who formed a national committee to protect water and life, the so-called *Comisión Nacional en Defensa del Agua y la Vida* (CNDAV) (<http://www.ffose.org.uy/aguayvida>, accessed 22 October 2007). It is a telling story of a popular successful action, non-violent, against the wave of commoditization and privatization of water and sanitation services prompted by radical neo-liberal administrations following the International Financial Institutions directives for the water sector.

Uruguay: A country of water

Uruguay, with its 3.2 million inhabitants, comprised of 180,000 terrestrial square kilometres well irrigated by a network of six river basins (OPP/OEA/BID, 1992: 20–23). Along with these ground water resources, the country has two significant aquifers, including the Uruguayan part of the well-known Guaraní Aquifer, considered to be one of the world's largest underground natural reservoirs of freshwater (<http://www.sg-guarani.com>, accessed 27 September 2007). Noticeably, there is a serious lack of information about the degree of degradation of water resources, although an increasing awareness can be noticed.

Ground water resources are fundamental for the country's economic and social development. Rivers and lagoons are the source of drinkable water for 90 percent of urban and rural households; almost 100 percent of irrigation for agriculture (mainly rice and intensive horticulture) is provided by ground water, which represents 90 percent of the total water consumption in the country; livestock production depends on natural prairies that grow, thanks to superficial and sub superficial water networks; it also satisfies a high percentage of industrial requirements and receives all industrial effluents with a relatively low degree of treatment; 100 percent of electric power (20 percent of the total energy matrix with

average rainfall conditions) is generated through four hydroelectric dams; the tourist industry and leisure activities are directly dependent on the quality of ground and underground water resources; 2 percent of fisheries are developed in fresh water rivers; and finally, ground water-courses recycle urban liquid waste and, partially, solid waste, moreover, watercourses also receive sediments and chemical residues from agriculture activities (OPP/OEA/BID, 1992: 80).

People living in the territory of Uruguay do not rank water problems at the highest positions of their environmental worries (Mazzei and Veiga, 2000). Water is culturally considered to be a common good and water scarcity is a rare thought. Domínguez (2003: 1) argues that these attitudes are rooted strongly in the nationalization of water and sanitation services and the creation of a centralized public water company (*Obras Sanitarias del Estado* – OSE) by 1950. Through a cross-subsidy policy, the public company provides water to almost 100 percent of urban dwellers and sanitation connection to 78 percent of urban households, at a relatively low cost. Also, 84 percent of rural households have individual piped underground fresh or improved water through house connection (<http://www.wssinfo.org/pdf/country/URY.wat.pdf>, accessed 22/10/2007). However, this cultural naturalization of water availability neglects any environmental consideration towards sustainable water management and safeguarding ethics. The Water Referendum worked somehow against this cultural construction.

Neo-liberal policies and people resistance against the privatization of water

Between 1992 and 2004, the liberalization of water public services in Uruguay had a historical test in the eastern province of Maldonado, highly important in terms of municipal GDP. A national-based private company, *Aguas de la Costa*, became the first since 1952 to receive a private concession of water and sanitation services for the next 25 years, to serve approximately 3,000 users in a small tourist area. Four years later, 60 percent of the company's actions were sold to *Aguas de*

Barcelona, a Spanish branch of the global player Suez Lyonnaise des Eaux. In the year 2000, another Spanish transnational corporation, *Aguas de Bilbao*, created a company called URAGUA and received a concession until 2030 covering the rest of the province, including the most wealthy resorts. In any case, the main argument to promote private concessions was that neither OSE nor the state could afford the cost of providing efficient and modern services as well as satisfy the increasing demand (Santos *et al.*, 2006: 85–87).¹

Furthermore, the World Bank gave a loan in 1999 to OSE to create the conditions to more private concessions out of Maldonado. The International Monetary Fund (IMF), on its part, in the midst of a traumatic financial crisis in the year 2002, signed with the national government a new letter of intent that included a strict chronogram for introducing a regulatory frame to facilitate private sector participation both in water supply and in sewerage services.

The negative economic, social and environmental effects of private concessions in the province of Maldonado increased gradually, along with public awareness, activism and legal actions against the companies and the state. The most apparent failures of the privatization experiment in the eyes of users and anti-privatization agents were higher rates for water and sanitation services; exclusion of the poorest families from access to free public taps; drying of water reservoirs; decreasing quality of supplied water; and the weak arguments raised, in the case of URUGUA, for not honouring the compromises assumed in the signed contract (e.g. regular payment to the state; extension of sewerage networks). Definitely, the publication in the press of the secret IMF letter of intention encouraged the formation of the CNDAV in 2002, who was able to collect in the following year 300,000 signatures (more than 10 percent of the registered voters) and call for a referendum, together with the year 2004 national election.

The CNDAV was woven primarily by four heterogeneous organizations: a citizen committee that was claiming for water and sanitation infrastructure in an unplanned urban setting in the province of Canelones (a second territorial target

of the privatization plan); the trade union of OSE workers, who saw their employment conditions at risk; a grassroots organization from the area where *Aguas de la Costa* run the water services; and an environmental NGO linked to Friends of the Earth International that helped to connect the Uruguayan case to global activism networks. Later on, a group of university researchers, fractions of political parties, the university student union and a mutual-aid housing movement joined the CNDAV, as well as other 50 small-and medium-sized organizations and social movements (Santos *et al.*, 2006: 121–134).

What was different about the CNDAV in comparison to previous popular committees that promoted referendums against the privatization of public services? Firstly, although the workers' union agenda was very important it was not hegemonic, opening the debate to other important issues. For instance, environmental considerations and the concept of water as common good became very significant, sometimes even more important than employment matters.² Secondly, the way it was organized showed a more horizontal functioning, where all fundamental decisions were taken by consensus in plenary sessions; thirdly, it kept its autonomy from big politics. Finally, it did not disappear after the referendum. On the contrary, it continues its activism both nationally and internationally (Santos *et al.*, 2006: 155–176).

The aftermath of the water referendum

Private appropriation of water: An ongoing debate

The New Leftist government came to power in March 2005. Two months later, it dictated a decree that allowed the private companies already responsible for concessions to continue until the end of it, something not well seen by the CNDAV. Nevertheless, the contract with URAGUA was cancelled, because the company did not perform its duties, something already recognized by the previous administration. A public–public partnership between OSE and the Maldonado Council replaced it, a new experiment on management decentralization. Some members of the CNDAV

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point out that this decision might be a first step to implement a fragmentary decentralization of water and sanitation services, more open to private subcontracting of operations and, moreover, it could risk the current policy of cross-subsidy. On the contrary, OSE managers see it as a first step in the process of strengthening competitiveness between regional branches to reduce costs and unaccounting of water, and to increase transparency and accountability (<http://www-wds.worldbank.org/>, accessed 22 October 2007).

In the case of *Aguas de la Costa*, Suez sold its part of the company to the state, turning the enterprise into a private–public joint venture contested also by the CNDAV as a kind of service provider not recognized in the Constitutional amendment. Other small private companies have been replaced by OSE and a few water cooperatives are still running their services. Despite these exceptions, it is generally agreed that there is an almost 100 percent of water and sanitation services under public control and direct privatization stopped.

Having said that, there are other conflicts that revolve around the private appropriation of water resources in the country, particularly in the agriculture sector. Alongside the rice sector, already identified as the largest consumer of water for irrigation, there has been an explosive extension of the soya bean area as well as industrial forestry of eucalyptus species. Both cultivars are known for their great water requirements and potential polluting effects on ground water and aquifers due to the use of huge amounts of agrochemicals.

Furthermore, there is a mega-plant for cellulose pulp production that has started operations³ and at least three others in different stages of planning, which also raises questions about the near future use and degradation of rivers, not to mention the probable extension of forestry to feed these factories. Also, dairy production, which is very intensive in the use of fresh water, has been targeted by the government as a productive sector to be promoted, helped by the good prices in international markets for dairy products. The CNDAV and other organizations do warn about the risk of exporting water through agriculture by-products for the global markets, jeopardizing the sustainability of water and soil resources, and also

denounce the social impacts on the family farming sector of such large-scale endeavours.

Another locus of debate, although marginal at the moment, is the bottled water industry. Also in the rest of the planet, figures show a very profitable sector dominated by private national and transnational companies. During the Water Referendum campaign this topic was explicitly left out from the text of the reform, because there was no consensus about how to deal with it. For instance, in the North of the country there is a cooperative of workers that took control of a bankrupted factory. They supported the Water Referendum but nowadays there are plans to export bottled and bulk water that goes against the spirit of the Constitutional reform. Yet, the survival of the enterprise and the maintenance of employment seems to depend on this type of commoditization of water.

A few words must be said about the future use of the Guaraní Aquifer. The Water Referendum made it absolutely clear that underground water is part of the public domain. Nevertheless, since 2003 there is an international project approved by the four states that share the area of the aquifer (Brazil, Argentina, Paraguay and Uruguay), financed by a GEF-BIRD grant, that has facilitated the research of large international consultancies instead of strengthening, for instance, public university research teams. Moreover, the most important research results seem not to be accessible, not even to governments. This private appropriation of knowledge about the Guaraní Aquifer might lead, according to the water movement, to the practical appropriation of resources in future international bids or simply by using the richest territories for agriculture and other activities (Iglesias and Taks, 2007).

Public participation

The debate about the continuation of private service providers has hidden other important features of the Water Referendum. Particularly, there have been some advances in the degree of users and citizen participation in planning. The government created in 2005 the Water and Sanitation National Authority (DINASA) within

the Ministry of Housing, Territory and Environment to implement the water reform through a National Plan of Water Resources Management, a National Potable Water and Sanitation Policy and a new Water Law to avoid the current overlapping of functions between governmental agencies and institutionalize public participation.

To support the work of DINASA and enhance civil participation, a multi-stakeholders consultancy body, the so-called *Comisión Asesora en Agua y Saneamiento*, was created. The CNDAV has participated actively although not without hesitation in the effectiveness of this kind of institutionalized spaces. The main question remains on what might be the mechanisms for citizen participation process at the hydrographic basin level and what kind of participation would be strengthened. In this regard, there has been just a timid approach to river basins as units of water management, something predictable in a country used to politically biased divisions of the territory. Furthermore, there have been doubts about the official recognition of the CNDAV as a fundamental actor in comparison to other participating organizations that were even against the Water Referendum.

One might ask whether there still is a water social movement in Uruguay centred in the work of the CNDAV. The general answer is positive. Yet, after the 2004 campaign, many organizations retired (noticeably, the representative of the *Frente Amplio* winning party) and there has been a concentration of activities in the capital town. The communication between the hard core of the commission in Montevideo and grassroots committees in the rest of the country weakened, and many of the latter disappeared. To revert this situation, the CNDAV made a public call on the last International Water Day (22/3/2007) to increase participation in every instance through education and motivation (<http://www.guayubira.org.uy/comunicados/reforma.html>, accessed 22 October 2007).

On the other hand, there is a strong internal debate about how to stand in front of the government. The problem resides in the seemingly contradictory policies carried on by different official agencies. While the DINASA has shown clear intentions to follow the principles defended by the water movement, the general economic policy

promoted by the Ministry of Economy and Finance seemed to promote private outsourcing in the water sector, neglected environmental and social impacts of productive projects and left water services open to bilateral free trade agreements.

Finally, while the CNDAV is trying to renew its support inland, at the international level the 'Uruguayan way' has been imitated in other countries at municipal and national levels (i.e. Mexico, Peru, Ecuador and Cordoba-Argentina) and became one of the continental players on the building of networks like *Redvida* (www.redvida.org, accessed 22 October 2007). Furthermore, the international water movement launched in March 2006 a world campaign of activism in Mexico City called Blue October to celebrate the Uruguayan popular victory (<http://www.blueoctobercampaign.org/>, accessed 22 October 2007). As it happened in the past with the Water Referendum (Santos *et al.*, 2006: 134), one might imagine that the final orientation of the current process of implementing the law amendment will depend not only on national negotiations but rather on the international support that all actors will be able to garner.

Conclusion

In Uruguay, water became a thematic axis that helped to think and act in a more integral way, because it is a bio-cultural concept that is the basis of social life, human rights and the roots of the current environmental crisis, all elements to be considered in the construction of a new theory and practice of development and well-being. The Uruguayan case demonstrates that opposing the commoditization of water generated public consensus and linked national interests with a planetary struggle for an alternative civilizatory horizon. Nevertheless, the lack of a clearer image of an alternative social model resulting from popular struggles has opened the window to travestied old practices that reproduced the neo-liberal formula to growth and, consequently, unequal distribution of wealth and resources. An honest dialogue between social movements and the progresist government in Uruguay should continue for the right to water to become a day-to-day practice.

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Notes

- 1 Current figures show that the Millennium Development Goals both in water and sanitation are reachable through public management without private participation (Santos and Valdomir, 2006: 197).
- 2 Uruguayan people resisted the trend to privatize public services in Latin America during the 1990s, and showed to be 'friends of the public' (Prieto, 2006: 183). The selling of public enterprises was halted by a popular referendum in 1992; later on, and before the Water Referendum, there were two more direct consultations that approved the de-monopolization of electricity production but not its distribution by the public company (1998) and refused the association of the public petrol enterprise with private partners (2003).
- 3 The construction of this cellulose plant owned by a Finn company, BOTNIA, led to a binational environmental conflict between Argentina and Uruguay (Ortiz *et al.*, 2005).

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