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From Well to Network: Water Supply and Sewerage in Buenos Aires (1993-2000)

Graciela Schneier–Madanes

THROUGH most of history, Buenos Aires was a city devoid of problems with its water supply. Founded on the edge of an immense river and surrounded by a plain endowed with an ample underground water supply of high quality, water in the Buenos Aires metropolitan area was always considered an inexhaustible resource.*

In recent years Buenos Aires and part of its outskirts have had an adequate water supply and a sewage treatment system thanks to the decontamination of the former and the rehabilitation of the latter. Individuals in more distant areas of the metropolitan area have had recourse to home wells (directly accessing ground water themselves), local water supplies, and septic tanks. Thus, in viewing the urban and social history of the city, water may appear as a component not at variance with the Buenos Aires urban scene in that the river or the subsoil furnishes this water “at will.”

Founded in the sixteenth century, Buenos Aires was, at the beginning of the twentieth century, one of the world’s best equipped cities in transportation (harbors, railroads, tramways, subways), energy (electricity, gas), and communications (telegraph, telephone), not to mention the focus of this paper, water and sewage. The development of these infrastructures was the basis of its economic and urban development as a cosmopolitan metropolis and as the capital of the Republic of Argentina.

*We use the expression Buenos Aires to refer to the metropolitan region of Buenos Aires (12 million) composed of the city of Buenos Aires and 19 (of 25) districts which belong to the province of Buenos Aires. We use “city of Buenos Aires” when it is a question of the downtown section that is self-governing and the capital of the Republic of Argentina.

Schneier

Except for water and sewage facilities, which from 1912 onward were managed by a public, state-owned company known as *Obras Sanitarias de la Nacion* (OSN), urban networks and services were, from the beginning privately owned. Water was considered to have a “social mission” in the city, whereas country dwellers considered it one of the fundamental elements of hygiene and health. Thus, one major principle in water politics was the organization of non-metered access to water (the so called principle of “*canilla libre*”). During the 1940s, OSN experienced steady advancement all over the country along with other public service companies that were either created or nationalized.*

In this system of managing of the welfare state, the president of the country appointed the manager of the water company, and the company was at the same time both the producer and the regulator. Subsidies proliferated, particularly in Buenos Aires, where the population experienced significant growth, and OSN authorized water consumption through systems in the legal network (individual wells, cooperatives) and in illegal ones (“clandestine hookups”). This continued through many different governmental administrations.

The furnishing of services progressively fell into disrepair and the state-owned company, OSN, did not pay attention to the serious environmental consequences caused by an unplanned usage of the underground water supply. The state itself ceased to invest in the water network, and what’s more, it allowed improper resource allocation and did all of this in a high-handed, bureaucratic manner.

But even in the areas not covered by the network, water was considered an “OSN question:” users, political actors, mayors, and local administrators were simply excluded from having any voice in the system. OSN regarded water as an inexhaustible resource and their technical competence beyond reproach, so they had the “last word” on most matters concerning water. Consequently, the “OSN model” did not, from all appearances, manifest significant (or any) problems (e.g., those of environmental pollution, unplanned exploitation of underground water, etc.)

During the 1980s, as a consequence of structural adjustment programs from the International Monetary Fund and following directions from the World Bank, the water company was decentralized. At that time, OSN had management control of the larger portion of the Buenos Aires metropolitan region, but it did not have an investment policy for the extension of the network.

In 1993, the water system was privatized and the new service provider, Aguas Argentinas, S.A. replaced the former national firm, OSN. A new regulatory agency, Ente Tripartito de Obras y Servicios

*These public service companies were characteristic of how Latin American public services (water, electricity, telephone) were managed during most of the twentieth century. Many have recently been privatized.

Aspiazu and Vispo

Sanitarios (ETOSS), was established and announced in the new bimonthly invoices now sent to consumers.

Before the Contract

The water and sanitation networks of the metropolitan area of Buenos Aires can be characterized as enormous, centralized, and unfinished. The current configuration of the networks originated in an expansion project of the first networks of the city that were put in place at the beginning of the twentieth century when the national government formed the “Obras Sanitarias de la Nación” (National Public Utilities). During the 1940s, the principle of uniform rates was established and laws were passed prohibiting municipal communities from having recourse to private service providers. The principle of “free access” (to water) and regulations that compelled everyone to connect with the water network reflected the sanitary and social mission of the country’s water policy.

Beginning in the 1950s, this water model encountered technical as well as political problems. As the city grew, access to the network became more and more difficult, and provider services deteriorated as much in terms of coverage as of quality. Beginning in 1980 and coinciding with the introduction of the policy of decentralization for the outlying regions, the water supply sector entered into a period of profound crisis.

Buenos Aires, in effect, faced two crises: the obsolescence of the network in the central or downtown part of Buenos Aires (similar to the problems in many cities in developed countries) and the lack of coordination between the network and the extensive urbanization of the outskirts (similar to the problems in many Latin-American cities, often referred to as “under development”). Dupuy explained that the city addressed these crises through the process he calls “substitution within the network” where the inhabitants and the private sector compensate for the insufficiencies of government programs.

Dupuy

When utilities were privatized in 1993, the situation with respect to the water network was the following: 73 percent of the population was served by the existing water network, and 56 percent had sewerage facilities available, and these in rather inequitable proportions. Those inhabitants not included under these figures sometimes extracted ground water locally or at home, and at times installed septic tanks. These practices fostered an entrepreneurial spirit in the private sector and led to the construction of facilities relating to sewage and its discharge. In the *asentamientos* (illegal and informal urban settle-

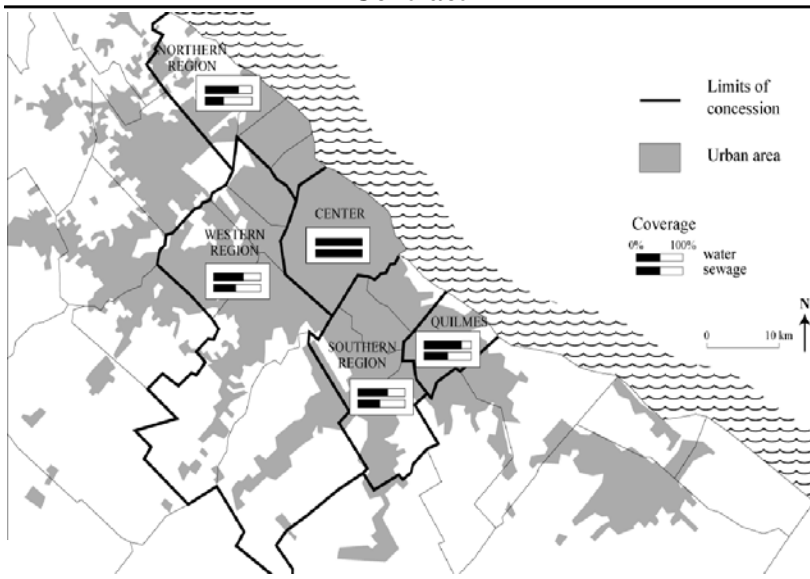
ments) and shanty towns, people frequently appropriated their water from fire hydrants or alternatively, bought water from itinerant tank trucks or looked for it elsewhere.

The Utility Contract of Buenos Aires

The utility contract of Buenos Aires involved approximately nine million people constituting 75 percent of the Buenos Aires metropolitan region (12 million people). It is considered to be the largest water utility contract in the world. (See Figure 1.)

FIGURE 1

The Area of the Buenos Aires Metropolitan Region Water Contract



Source: Centro de Estudios de Pobreza 1997

Its objectives were the harnessing, transformation, transport, distribution, and commercialization of water (2,575,600 m³/day) as well as the collection, treatment, disposal, and commercialization of sewage. The scope of the contract entailed a plan to outfit, renovate, and expand the 1993 network in time-assigned stages of five years each. The completion date of the plan is now envisioned as 2023, i.e., thirty years from the initial starting date of 1993.

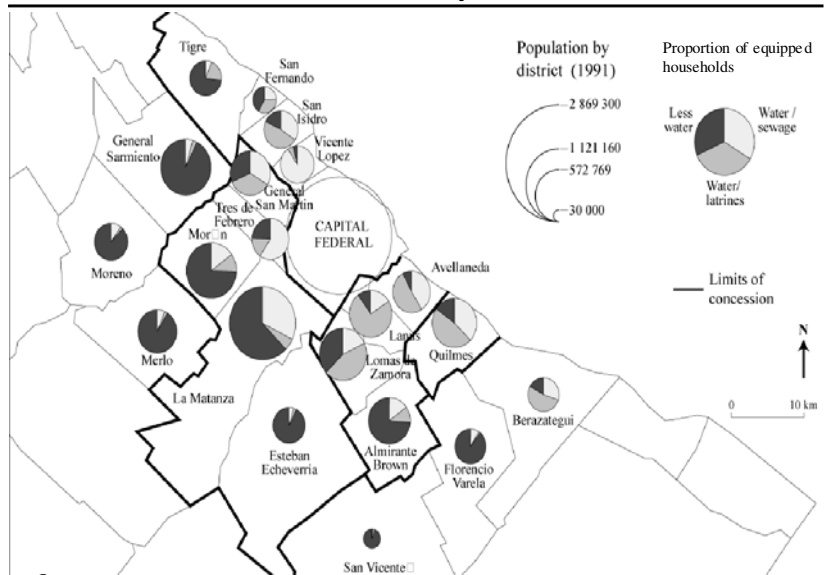
In order to understand the importance of the utility contract, as well as its individual components, it would be well to remember that the metropolitan region is composed of the city of Buenos Aires (three million inhabitants) and of the outskirts (*conurbano*, eight million

Gonzalez and Villadeamigo

*Individuals of lower income, according to a study done by the Instituto Nacional de Estadísticas y Censos (INDEC) fall into two categories—those barely able to purchase basic foodstuffs and those unable to purchase even basic foodstuffs.

inhabitants) together having a total of 19 communities. The region produces 44 percent of the basic commodities of the country—the city itself, 26 percent and the outskirts 18 percent. Other conditions of the region are revealing as well: the poverty index* of the metropolitan region was 28 percent in 1998. Since 1994 and with 0 percent inflation, poverty has regularly increased while the gap between poverty and wealth has widened. These inequalities become more pronounced if you take into consideration the various zones and fringes that make up the city. For example, as far as the water network itself goes, the coverage rate rises to 100 percent within the city, whereas in the outskirts, the deficiency of coverage is substantial, particularly in sewerage. This raises the risk of social and technical divisions between the city and the *conurbano bonaerense*—the outskirts. (See Figure 2.)

FIGURE 2
Proportion of Households Equipped with Water, Sewerage, and Latrines: By District



Source: Centro de Estudios de Pobreza 1997

*This is calculated as the relationship between the various access modes to water and to sewerage and the quality of housing. For this research project, an evaluation of the sanitary risks was realized from data at the Centro de Estudios de la Pobreza de la Provincia de Buenos Aires (1995). This coincides to a considerable extent with the program currently being used by ETOSS.

The domestic sanitary risks, evaluated in terms of the water and sewerage network and the presence or absence of service, correlates to the extent of the two networks (water and sewerage) and the socioeconomic characteristics of the region—with little importance in the city and the first fringe, and of greater consequence in the extreme outskirts.* It is worth pointing out here that the expansion plan does not take into account the possibility of health risks.

The Regulatory Framework

For administrative purposes within this medley of circumstances, the utility contract was divided into regions—central (the city), north, west, and south (the outskirts). This followed the OSN (the original water supply entity) schema based on the underground network of water distribution.

As in other urban services privatized at the beginning of the 1990s within the setting of a vast program of state reforms (electricity, telecommunications), a regulatory organism was created (Ente Tripartito de Obras y Servicios Sanitarios, ETOSS) whose principal mission is that of the regulation and control of the utility contract and the overseeing of the interaction between the various actors involved in the utility contract. ETOSS consists of representatives from the national government, the province of Buenos Aires, and the city of Buenos Aires. Users were originally excluded.

The Buenos Aires system of administering privatization has been defined by specialists as “a cross between the English and French models,” in that it concerns a utility contract within a regulatory framework. This innovative management model draws support from a triangle of actors: the government, which is the grantor (represented by the Secretary of Natural Resources and Sustainable Development, who, in turn, reports to the Minister of Economy and to the President of Argentina), the service provider (Aguas Argentinas, S.A.) and that company’s principal share holder, Suez-Lyonnaise des Eaux.*

The Rate Structure

In order to be able to understand the successive waves of conflicts that developed in the service network, one should recall, among other aspects of the social and economic context, the evolution of the rate policy. Since the beginning of the water concession, general price increases were authorized in order to compensate for unruly inflation or further investments not included in the contract: in 1994 tariffs increased 13.5 percent, and in 1998, 5.2 percent. In January 2001, after the first revision of tariffs (the contract established a five-year revision), a new price increase of 3.9 percent was authorized (over a three-year period) as were a flat fee (which implies a 1.5 percent increase,) and finally another increase of 1.5 percent related to the K coefficient (established in the contract). The total of the previous increases in the last revision (2001) came to 15.6 percent.

Changing Invoices and the Expansion of Claims

The first action taken by Aguas Argentinas was to update the land survey (declared or undeclared surface areas, categories) and orga-

Schneier-Madanes 1999

Faudry

*To acquire the privatization contract, Lyonnaise des Eaux, one of the most important French public utility groups, entered a joint venture with a local firm, Soldati, (it sold its share part in 1998) and other minor shareholders (Banco de Galicia, Aguas de Barcelona) and created Aguas Argentinas S.A. Following the 2001 restructuring of Suez-Lyonnaise des Eaux in France, the company became Suez, “a global services group” and “pioneer of sustainable development,” whose main business areas are energy, water, waste services, and communication. The water division is called ONDEO, “the first provider of sustainable solutions and services for water.” Its departments are ONDEO Services (the old Lyonnaise des Eaux), ONDEO NALCO, ONDEO Degrémont, and ONDEO Industrial Solutions. The group provides 110 million people with water and sewage all over the world (25 million in South America, 14 million in North America, 43 million in Europe and the Mediterranean, 23 million in Asia and the Pacific, and five million in Africa).

*ETOSS estimates that the company has doubled its revenues as a consequence of this updating of the system.

nize “clients” into categories determined by zones.* The billing system that was employed by the national firm, OSN, was inherited from the English. Customers were charged not for consumption but were charged on the surface area, the quality of the abode, and on a series of coefficients (by architecture, by zones, and by antiquity) independent of the number of users in each home.

This billing system, independent of consumption, was considered to be an important factor in the city’s water problems because Buenos Aires had one of the highest rates of consumption in the world. This “Argentine legend” of water remains to be spelled out in precise terms and, even today, the privatized service provider is incapable of furnishing genuine water consumption figures. Consumption appears to vary from 600 liters per day per home in serviced zones to only eight liters per day per home in zones on the outskirts. It may be recalled that there are no water meters placed in households, and, in addition, that losses of water are, in fact, rather high (a common characteristic in water networks in other Latin American cities).

The “proper recovery” of bills is a major problem for the commercial organization that regularly evaluates the character of “good or bad payers” in a given district and makes a follow-up in accordance with a particular utility contract district. The districts are controlled regularly by individuals in charge of statistical updating, and the bills are distributed to 2.5 million clients (residential, commercial, industrial). In the outskirts of Buenos Aires there has been an accelerated deterioration of the economic situation and a commensurate difficulty in paying bills.

In addition, because the provider is not permitted to cut the water supply off without a four-month notice, the company has developed various practices for bill collection including: competitions, publicity, giving someone notice to pay, or specific acts for socially “marking” families of bad payers, such as painting red crosses on the facades or entrances of their houses. The implicit idea being that this way of singling out disreputable payers helps to involve the neighborhood itself in the role of a censor and creates a division between those who pay and those who do not. Also implicit is the “social pressure” which induces people to pay. As the economic crisis has developed, all these methods have become very sensitive issues and frequently are discussed in meetings and public hearings.

The reactions to these steps have been diverse. Many inhabitants question the notion of their being “clients.” They also resist the “lessons” contained in bills and other communications from the provider (extolling the value of water, urging the avoidance of waste, etc.) In some districts, neighbors have continued to supply water to

“bad payers” or to prohibit access to the locality by personnel of the firm; others pirate the official seals of the home connections or illegally install their own connections. A good number of individuals see no advantage in connecting to the network since they already have water available either through ground water obtained by pumping themselves and in some cases from personal investments (drilling, connections).

The red crosses only serve as detonators of spontaneous reactions in neighborhoods in the outskirts. There have been complaints lodged to ETOSS, the regulatory agency, but there have also been protests in the streets, sit-ins in front of regional headquarters, and denunciations in the local newspapers and on television.*

The device of “stop payment” has been an important measure, and ETOSS has estimated the number to have reached 80,000 invoices (with a coverage of some 400,000 people). The controversy has now involved the ombudsman (defender of the people), members of the Argentine Parliament, and political parties that find themselves in a municipal election year. The firm has been compelled, at times, to stop giving formal notice to customers.

A New Role for Institutions: The Emergence of the Local

Mayors of municipalities within the Buenos Aires metropolitan region have addressed the complaints their constituents have had against the water company by devising local water policies. In some cases, mayors of different areas have coordinated their local efforts. These efforts have forced the contractor to change the master plan for the expansion of water and sewage networks and make “adaptations” to address local conditions.

During these last eight years of local negotiations, communities have learned much about water and sewage and have made what has been learned into a powerful political instrument that has been used to give communities local authority in the administration of utilities. For mayors of the northern region, water is a “*sans problème*” domain, and their relation with the service provider is based on agreements about local administration (widening of streets, the elimination of taxes, joint cooperation, aid to shanty towns). Within this region, one finds “alternative solutions” (water service in the form of joint participation or “of consensus,” which unites the service provider, the municipality, and the participant districts).

As for those “strong” mayors with union orientation and solid personal relationships with their populations, the health question and

*Formally, in the case of a technical or commercial complaint, the client addresses himself first of all to the water company, and if satisfaction has not been achieved, to user service relations of ETOSS. If the complaint is upheld, ETOSS must intervene and sanction the contracting firm. Of the complaints received at ETOSS in 1996, more than 60 percent have been related to billing and more than 50 percent of those have been concentrated in the six communities of the south-southeast area of the metropolitan region.

“social water” are pillars of their administration. This makes them advocates for service access and for the system of “contract work by third parties” (OPCT). The community of Moron (600,000 inhabitants) to the west has the peculiarity of having its own sewage system independent of the service provider because for the longest time the former mayor—a radical peronist—worked for the creation of his own sewage system outside of the service provider’s district. This, however, remains an exceptional case. The case of Unidades Generatoras de Empleo (UGE), or Employment Units, however, is another that should be emphasized. It was put in place by the former governor of the province of Lomas de Zamora by means of direct financial aid to the cooperatives. Here, local construction firms provided skilled and unskilled labor, financed by the locality to connect users to the network in very poor and poorly serviced (less than eight liters per day) areas. In sum, the networks of water and sewerage provoked the emergence of the “local” for the provision and administration of water.

ETOSS Programa de Tarifa...

Agua Argentinas created two plans for expansion, and they have been causing conflict since their introduction in 1996. At the heart of the conflict is the imposition of two charges. The first, the Infrastructure and Connection Charge (CIC), was applied to all those within the metropolitan area, but “outside the service area.” The second, the Universal Service and Environmental Obligation (SUMA), was a charge to be paid by those subject to the utility contract.

Chisari and Estache

These charges amounted to approximately US\$600 for water and US\$1,000 for sewage. (In comparison, these costs were about five times higher than in the United States.) Resistance to the charges was organized by associations of local users. These associations follow a long tradition of urban social associations, but it is not a tradition where water provision has been a primary consideration. These associations, since the beginning of the twentieth century, focused on the paving of roads, the lighting of streets, and the building of schools and community clinics. The results of this locally developed urbanization have been poorly constructed and maintained urban areas.

Isla et al.

To gain more support for better housing and public infrastructures, neighborhood committees and shanty town associations organized protests in the 1960s and 1970s. Water was not one of the items on the social agenda at that time because it was freely available and not metered. These social networks were weakened and fragmented, first by the military government of 1976-1982 and then by the social and economic crises of the 1990s. However, the vestiges of these groups are still apparent in their positions on the “essential need” of citizens for water.

In fact, in 1995, a series of neighborhood revolts began in the western communities of the metropolitan area (La Matanza, Lomas de Zamora) where the extensions were planned and for which the residents were being charged the Infrastructure and Connection Charge (CIC). In the past, these projects were usually organized under a system called “contract work by third parties” (OPCT) where members of the community would pay for the work. When it was discovered that inhabitants were being charged more under the CIC than they would have been under OPCT, violent mobilizations erupted, denunciations were sent to ETOSS, and finally the company ceased work. Using another tactic, Villa Constructora, a neighborhood association in the western section of La Matanza used court proceedings to bring about a significant change in the project.

Schneier-Madanes 1999

The western region also is home to a significant number of unconnected *desvinculados*. “Why pay the CIC if the well water is still good?” they asked. Numerous non-payers made use of the legal advisors of neighborhood associations to support their cases. The associations, in turn, formed a users and consumers support group (*Comision de Enlace de Usuarios y Consumidores del Conurbano*) that mobilized those who could not pay the CIC part of their bills and advised inhabitants on their rights and explained the rights of the company, as regards billing and work projects.

The neighborhood groups also opposed the service provider’s use of OPCT where the residents of all areas pay for the work being done in some areas (usually high-income areas that already have service), and not in others (those zones not currently served by the network).

ETOSS Audiencia Pública

Territorial associations agree on the need to pay water bills, as long as those bills are “fair.” They do offer support, however, for those not paying, seeing nonpayment as a manifestation of individual revolt and offer collective organizational support. Similarly, consumer movements are expanding their activities to include utilities. These associations of consumers and users are also ready to pay their bills, but are prepared to undertake the legal measures necessary to defend the interests of their constituents.

Universal Service and Territorial Solidarity

If Aguas Argentinas imposed the CIC charge, the government imposed a charge of its own in 1998, the SUMA (universal and environmental obligation) charge. The SU is a general rate increase applied to all clients to finance the non-serviced zones (which are all found on the outskirts). The MA is a specific increase, intended to

Lentini

Coutard

finance sanitation facilities for wastewater flowing into the Rio de la Plata. These charges amounted to a cross-subsidy where current users financed new entrants to the network.

The Water Network: A Place of Political Convergence

The introduction of the SUMA charges gave rise to political controversy and legal battles that were not settled until a presidential decree ratified an agreement made between the service provider and the government. Two results of these lengthy conflicts that lasted from 1996 to 1998 were the institutionalization of public hearings regarding the provision of water and the recognition of “user” committees as official partners of the regulatory agency.

Although the new constitution of 1994 contained language* mandating user representation, regulatory agencies such as ETOSS resisted efforts to genuinely put the mandate into practice. It was not until December 1998 that ETOSS convoked the first public water hearing whose goal was putting into place, “a participatory mechanism of consumers associations within the regulatory organization.”

Recognizing the User Factor

Several factors combined to make water users active in regulatory and management decision making. In 1992, the Habitat II Report called for the participation of users to become a fundamental objective for governments, firms, and civil society. In fact, the level of participation was seen as a “gauge of success in business administration.” Besides the constitutional reform of 1994 and the consumer-friendly legislation of 1998, three conditions helped place users in a position of centrality: the ever-increasing activism of consumer associations as they faced increasing charges and decreasing quality of services, the focusing of the media (newspapers, TV, radio) on the concerns of utility users, and the attention of politicians anxious to benefit from the rise in activism of utility consumers.

So, it was the context set by Argentina’s economic crisis and a change in the institutional structure of the utility that accounted for the establishment of a users committee and the recognition that that committee was offered by ETOSS.

Conflicts of the Water Network and the Institutionalization of the Users

The Public Hearing and Water: A Form of User Participation?

International organizations such as the World Bank and the Inter-American Development Bank recognize two types of participation:

*Article 42 of the National Constitution, reformed in 1994, states: “Legislation should establish efficient procedures for the prevention and solution of conflicts and provide the framework for the regulation of public utilities through national expertise and through the anticipation of the necessary participation of consumers and users from interested provinces, in the regulatory organisms.” A law establishing the rights of consumers was enacted following this constitutional reform.

direct and indirect. They consider participation direct when users are elected to participate in the administration of a service or when users have the right of public expression (hearings, petitions, inquiries). The participation is indirect when users call upon an ombudsman or when they are consulted by the utility.

Inter-American Development Bank

For the regulatory agency, the hearing is but “one of the diverse forms of participation,” a procedure in which one may “submit certain questions ... whether they be those that regard a majority of users, or those that have a considerable social impact ... or failing these they may refer to significant themes in the utility contract.” The ETOSS models its response on U.S. legislation where, “legal references are continually employed in the process of regulation and control of public utilities, i.e., service providers of utilities and services or activities of public interest.”

ETOSS Audiencia Pública

This system of hearings has worked with problems (e.g., phone rates, significant blackouts, railroad contracts) associated with other privatized services. User associations used their burgeoning power to have hearings called. Utility officials, government agencies, and consultants now speak in terms of the “new business-consumer relationship” resulting from privatization. But consumers are told they have duties as well as rights, and they are offered education, training, and information to explain the new norms and standards associated with their rights.

Presidencia de la Nacion

Government employees and provider employees frequently move from employing the term “user” to employing the term “client,” and they criticize user associations for having “confused the mission of the regulator in the office of the rights of the consumer.”

Hearings seem somewhat one-sided since appeals may be made exclusively by the regulatory agent. Hearings can also seem as scripted as a play because whatever is said does not affect the decision that is made. However, what hearings do accomplish is to make complaints and problems visible by arousing public interest, political interest, and media interest.

The first hearing had as its objective defining the characteristics of user participation in the process of regulation. At that hearing were representatives named by ETOSS for the purpose of “the defense of the user” and representatives from professional organizations dealing with water and technical organizations. Also present were health firms, consultants, unions, foundations, the media, consumer and user associations, and those registered as “consumer rights defenders.” Also attending, but not formally recognized, were members of neighborhood circles, neighborhood committees, and users federations.

By the time of the second hearing, representation and participation had changed: ETOSS created a “Users Commission” composed of representatives from “consultant groups” that had as their mission, the defense of users’ interests in administrative procedures. At this second hearing, concerning the presentation of a “plan of expansion of service and inherent questions as regarding the first five-year revision of the service provider’s rates,” the commission appropriated the role of “defender of users.” This decision constituted a new and original element in the privatization of utilities.

And who is the user in this utility contract? “He/She who presents the invoice and the enrollment contract provided by the debtor.” (This establishes legal status and confers the condition of “user”.) Also considered a user, even though not connected to some type of network of water provision, “he/she who presents proof of residence,” i.e., the inhabitant.

And who can represent these inhabitants? Which are the associations allowed to represent these individuals? This question of representation is relevant because only those consumer groups registered on a national level have been accepted as representing users; those “on the fringe” have not been retained.

Consumer Associations

Unlike neighborhood associations and other community-based groups, user and consumer associations are united through the use of utilities and are recognized under the Consumer Defense Law, which “assures the rights of users of public and private utilities.”

Consumer associations are composed mainly of people from the professional and middle classes, located in Buenos Aires. Attention is paid to the “water question” only when crises such as rate increases and water quality issues come to the fore. Consumer associations function mostly as “intermediaries” between users and providers, but they, themselves, are not truly representative. Consumer associations, it must be remembered, are chartered by the state and are under no obligation to include representative cross-sections of users in their membership. Once recognized, the association registers with the Secretary of Commerce and can begin receiving subsidies. Those subsidies are available only to sanctioned associations (of which there are approximately 13).

With exception of Accion del Consumidor (ADELCO), these associations have all come into being since 1999. Several are linked to political parties (peronist, radical, socialist), while others are linked to cooperative movements (Consumidores Libres) and to specific sections of the city. One of the most important, Union de Usuarios y

Groupe Service Public

Lopez and Felder

Schneier-Madanes 2000

Consumidores (UUC), is a national organization that is very active in collective legal actions and claims against service providers.

ADELCO has a strong base of 10,000 supporters and was born at the end of the military period (1976-1982) when an important neighborhood (Vecinalista) movement was developed. ADELCO operates on a national level and has international connections (such as Consumers International). It was responsible for the first public hearing of a public utility. That hearing addressed and reversed an increase in the rates of telephone service.

Schneier-Madanes 2001

Most consumer associations spend much of their resources lobbying Parliament or the regulatory agencies. As these organizations arise, they displace other organizations such as the water rights movements and have the effect of increasing the number of privately held utilities. Meanwhile, territorial-based organizations work at placing representatives in the user commission even though they recognize the limits of this presence and understand the ever-increasing importance of their actions on their communities.

NGOs and "Alternative Solutions"

Non-governmental organizations (NGOs) have become another force for the presentation of user interests. They are especially effective representing communities that are financially weak. NGOs in Argentina follow the NGO international institutional model, i.e., they are strongly influenced by anti-liberal, Anglo-Saxon thought and the promotion of socially oriented urban policies. Among those policies, water has become a focal point and is seen as having a key "structural role" in the social organization of cities.

The Habitat 1 and 2 Conferences (Vancouver 1976 and Istanbul 1996) set an urban agenda that focused on the participation of city dwellers in the production and management of their dwellings and life conditions, and on sustainable development and environmental concerns in urban matters. The "third sector," i.e., grass roots organizations, NGO's, and "civil society," has become increasingly central in these matters, and its participation has been supported by international institutions, such as the World Bank. And water has become more and more central to those concerns, central to "*la cuestión urbana*" (the urban question) in times of increasing globalization.

A response of local groups to the "globalization" of water provision (e.g., Suez-Lyonnaise's involvement in Buenos Aires) has been to follow the recommendations of the World Bank and have local firms build "alternatives to the network" for low-income groups and individuals. These "alternatives" consist of the construction of secondary networks by inhabitants with the service provider offering

Lyonnais des Eaux

billing services and technical assistance for municipal construction projects designed to help poor people.

These micro-operations, intended for low-income families and set up for the most part in irregular zones, have two objectives: having inhabitants accept the idea of water invoicing (a necessary but not sufficient condition for the formation of a market for water) and achieving social peace.

The building of these secondary, or alternative, networks has been effected in various ways. San Jorge, a community of 2,500 inhabitants, used informal bartering of installation-labor. Other municipalities gave subsidies to certain families to fight unemployment. Examples of such communities where subsidies were allowed are San Jorge, San Martin, La Paz, Peron, Villa Jardin, Evita (community San Fernando), Bajo Boulogne, Virrey Vertiz, San Cayetano, Villa Sauce, Villa Uruguay, and Los Vagones (San Isidro).

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Another effort has been underwritten by the Riachuelo Foundation. It is a pilot project involving inhabitants of Villa Jardin in constructing a secondary network of water distribution affecting 1,800 people. Villa Jardin is a shanty town located in the southern zone close to the river whose water is contaminated to a depth of 60 centimeters. This secondary network is now coordinated with the major network of the service provider.

It is in this indirect way that the social policy of Aquas Argentinas has taken shape. The policy aims to introduce the notion of a "social tariff" to the neighborhood, a tariff that the regulatory agency, ETOSS, has recognized as being integral to the expansion plan. Currently, the consumer associations and the NGOs have been participating in creating these "social tariffs," paid by the communities. This constitutes an original and pioneering effort in Argentina.

Conclusions

Inhabitants of low-income sections of Buenos Aires have witnessed a change in water distribution that they intuitively realized changed their relation to the water provider. There is a new compact between the supplier and the inhabitants that puts water at the doorstep of the latter in exchange for their paying their bills to the former. This compact creates a relationship that is irreversible and that cedes authority to the firm.

And this is a radically different situation from what existed when water from the faucet was considered a right, a gift of nature. Why pay for water when it is everywhere in the area of the Rio de la Plata? when

it is in the streams that cross the suburbs? when it is under the ground? and when it even falls from the sky?

Researchers have noted different reactions by inhabitants of poorer neighborhoods to the new regime. Some do not pay, accumulating bills and demonstrating by their attitudes a willingness to “face the big guys head-on.” They are valued in the community, and others do not pay in order to remain united with those who cannot pay. Those who do pay, however, on the one hand feel the new regime represents progress and modernity, but on the other hand, they dread the possibility of retaliation by their neighborhood, notably the taking of their land or their houses.

The inhabitants enter into a process of social exchange in which they do not in reality see themselves as dependent entities when they connect up to the network in a clandestine fashion. “Water enters and reenters in a system of monetary reciprocity between the user and the firm. This relation goes through mediations such as connections and bimonthly statements.” The bill here plays the part of a mediator in a social relationship.

Jacopin

The water network serves to reveal the tension between those who feel the network allows them to “become part of the city” and those, who by not paying, reveal their fear of the unknown in dealing with a new situation engendered by the privatization of service and whose consequences remain unknown.

At the level of the city, everything has changed: powerful actors intervene in the administration of an essential asset, their actions escaping the grasp of urban decision makers because the decisions concerning water in Buenos Aires are now made at an international level. This situation will only be exacerbated by Argentina’s current financial crisis. In fact, the manner in which those in charge of political and economic affairs contemplate resolving the problem will reinforce the inequality of income distribution and the concentration of private property. This, in all probability, will result in an augmentation of the “extra-market” population (the unemployed, the marginally employed, and other low-income sectors of the job market) and an accentuation of the “depressive” traits of the economy with a decrease in production and in the capacity of production of those services rendered by the state. This, in turn, will provoke a slump in the demand for private-sector services in general, and in particular those supplied by public utilities.

The water service provider will experience a considerable reduction in demand and a drop in income as a consequence. In an effort to compensate for this drop in income, there will be pressure to

raise rates, decrease service, and defer maintenance. These in turn might cause a decrease in investments in the utility.

One of the consequences of the utility contract has been to leave the undeveloped areas of Buenos Aires to their own devices in finding access to water—but under the guidance of the service provider. The inhabitants of these areas have come to see being connected to the water network as a prerequisite to becoming members of the economic mainstream and of leaving the poverty class. This scenario and the concomitant implications are likely candidates for socioeconomic models. All of this has occurred in a context in which water has been transformed, through new socioeconomic arrangements, into a commodity. The paradox here is that in addition to being technical networks, water networks are in reality social networks.

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