**Wave of Water Privatization Over but Challenges Remain**

By Gonzalo Ortiz

QUITO, Mar. 21, 2011 (IPS/GIN)--Now that the wave of water privatization of the 1980s and 1990s has let up, the main challenge facing water utilities in Latin America is expanding coverage of high-quality water services.

In Mexico, water has always been publicly controlled. Each state has its own water system, in charge of supplies and billing.

But in other countries, World Bank and Inter-American Development Bank recommendations in the last two decades of the 20th century drove the privatization of water, whose management was handed over in concession to U.S. and European corporations. However, the poor performance of these companies and soaring water rates rapidly triggered discontent.

One major turning point was the so-called "water war" in Cochabamba, Bolivia's third-largest city, which broke out in early 2000 with protests against the private management of water services, which were run by the city until a few months earlier.

After receiving the concession from the government of Hugo Banzer (a former dictator in the 1970s who was elected president in 1997), Aguas del Tunari, **a consortium led by U.S. water giant Bechtel, raised the minimum water rate to 20 dollars a month - in a country where the minimum wage is less than 100 dollars a month - and threatened to cut off service to customers who did not pay.**

A state of siege was declared, but despite the brutal crackdown on the protests in which one demonstrator was killed and around 200 were injured, the uprising continued and the government was forced to cancel the contract.

In Ecuador, with the exception of two cities - Guayaquil and Machala - water is in the hands of 60 city governments. Guayaquil, the most populous city in the country, located in the west, granted a concession for drinking water and sewage services to Interagua, a consortium headed by a Spanish company, Proactiva Medio Ambiente. In Machala, in the southwest, the services are run by Triple Oro, made up of the city government and the Empresa Sudamericana de Aguas Oriolsa.

**The 2008 constitution establishes that water is a national good for public use**, which can only be managed by public or community-run enterprises. The transition of the two companies in question to the new legal framework has not yet been resolved.

Since a draft law discussed by Congress in 2010 sparked roadblocks and protests by indigenous people and peasant farmers, "the bill has basically been shelved," Gaybor said.

Water, a constitutional right

**In July 2010, the United Nations declared access to water and sanitation a universal human right.**

But several countries in Latin America had already enshrined the right to water in their constitutions. The pioneer was Uruguay which, parallel to the national elections of 2004, held a referendum in which Uruguayans voted to reform the constitution to make **water a national asset for the public good.**

The constitution now declares that **"water is a natural resource essential to life" and that access to piped water and sanitation services are "fundamental human rights**". It also guarantees civil society participation at every level of management of the country's water resources.

In Ecuador, the constitution that went into force in 2008 states that water is a fundamental human right and a strategic national asset for public use "that is inalienable, permanent, cannot be embargoed and is essential for life."

**Bolivia's 2009 constitution also enshrines access to safe, sufficient, and affordable water as a basic human right.**

Expanding coverage

Today, public water utilities in the region are making enormous efforts to live up to these provisions.

But the example of Cochabamba illustrates how some victories have been wasted. **In that highlands city, nearly 50 percent of the population still has no running water, the poor must purchase water from tanker trucks at abusive prices**, and the municipal water company is heavily indebted, due to cronyism and corruption.

Uruguay has achieved universal coverage of access to safe drinking water and sanitation.

In Ecuador, coverage of potable water is 96 percent in urban areas and 74 percent in rural areas.

But Ecuador and other countries in the region have two problems: water supplies are intermittent in many urban areas, and coverage levels and quality vary widely between rich and poor sectors.

**In Mexico, 10 percent of the population has no piped water supply and 13.6 percent lacks sanitation**, according to Conagua, the national water authority.

**The biggest challenge facing public water companies is bringing high-quality water services to slums and dispersed rural populations.**

In addition, water sources are often polluted, and there is competition for water supplies among different sectors, such as hydroelectric plants.