



AGUA PARA TODOS / WATER FOR ALL
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Summary

Agua para Todos is a partnership between local communities, the municipal water provider, a commercial enterprise that designs and constructs water distribution systems, and two micro credit providers in Cochabamba, Bolivia. The goal of the partnership is to provide households in the southern part of the town which are not yet connected to main water pipelines with access to potable water at an affordable price. The partnership's unique approach to water supply finds a promising middle ground in the controversy over public goods provision.

Background

It is extremely likely that access to clean and affordable water will be one of the key sources of conflict in the new century, both between and within nations. The so-called “water war” in the Bolivian city of Cochabamba illustrates the dynamics and potential of such conflict, and the damage that it can inflict. The water and sewer systems of Cochabamba – Bolivia’s fourth largest city – were privatised in late 1998. Subsequent price increases and the failure to connect many areas to water supply networks led to violent clashes between demonstrators and the authorities in 2000. To end the unrest, the Bolivian government reversed the privatisation and granted control back to the municipal water supplier SEMAPA.

The Partnership

Meanwhile, the residents of Cochabamba, particularly those from the poor southern areas that are cut off from the main water pipelines, were faced with a continuing problem: how to gain access to low-cost potable water, given that the public water network was only expanding very slowly. In these neighbourhoods, individual households usually purchase water from commercial water trucks at a price of US\$ 2.50 per m³ or roughly five times the price paid by residents with access to the main pipelines. This unchlorinated water is then stored in rusty barrels, posing a health risk. As a result, local residents looked into ways of managing water supply by themselves. They organised into so-called “water committees”, that were legally recognised as official water service providers following Cochabamba’s water war.

Water committees joined in a partnership to provide safe, affordable drinking water with Agua Tuya/Plastiforte, a Cochabamba-based private enterprise. Agua Tuya/Plastiforte designs and builds local water distribution networks for local communities and offers training in their management and maintenance. This allows communities to distribute water from communal storage tanks to individual households, thus raising water quality and reducing its price. Water is purchased in bulk from private vendors at a price of US\$ 1.25 per m³. Eventually, most of these secondary networks can be hooked up to SEMAPA’s new municipal water pipelines, further reducing prices.

Two further participants in the partnership are responsible for the financial side of the project. The non-profit foundations CIDRE and Pro Habitat provide local communities with micro-credits for the design, construction and maintenance of local water networks. In addition, Pro Habitat educates local communities about water quality and health issues.

Finally, the municipal water provider SEMAPA participates in the *Agua para Todos* partnership. Its cooperation is important for ensuring that local networks can ultimately be linked up with main pipelines. To achieve this, the construction plans for local distribution networks are approved by SEMAPA. For SEMAPA, this division of labour is attractive because it allows the financially hard-pressed water provider to concentrate first on building main water supply lines and to meet its targets for expanding water coverage.

Activities and New Developments

In three pilot projects, the partnership has already built water distribution networks serving approximately 1,000 households. Currently, projects in five further communities are being implemented and over 20 applications are under review.

Particularly since winning the SEED Awards, the partners have been approached by further organisations wishing to become involved in the partnership. The first of these is the Municipal Government of Cochabamba (the Alcaldía), who offered to support *Agua para Todos* financially. An agreement signed in May 2005 allows water committees to apply for *Participacion Popular* funds and invest them in *Agua para Todos* projects. With this municipal support, the cost for local residents of constructing a water distribution network will be reduced by approximately 20%.

The second new partner is UNDP Bolivia. UNDP Bolivia is currently developing a mechanism for the holding and transfer of municipal funds. In the case of the Agua para Todos partnership, UNDP would transfer *Participación Popular* funds to water committees. This allows UNDP to act as a formal guarantor, which should increase transparency and lessen popular mistrust of private sector involvement (Agua Tuya/Plastiforte) in public goods provision.

The Partnership's Formal Structure

The partnership is structured through three bilateral contracts (between Agua Tuya and SEMAPA, Pro Habitat and Agua Tuya, Pro Habitat and SEMAPA) and close, informal contacts between these partners and CIDRE. A multilateral agreement for cooperation over a five-year period starting July 2005 exists between Agua Tuya, SEMAPA, the Alcaldía, and UNDP Bolivia. The remaining contracts are signed on a project-by-project basis: Whenever a water distribution network is built in a community through the *Agua para Todos* framework, the water committee signs an agreement with Agua Tuya and the Municipality as well as a separate agreement with the micro credit provider.

These contracts and agreements provide for formal accountability between project partners and towards the individual water committees. Accountability between SEMAPA and the water committees is created only indirectly – working through the threat of renewed unrest of communities, should SEMAPA not provide its services as planned. SEMAPA is, however, accountable towards its creditor, the Inter-American Development Bank (IDB), who is financing the extension of the main pipelines to southern Cochabamba. Accountability to external stakeholders also exists between Pro Habitat and CIDRE and their respective donors, to whom the two organisations must repay their own loans.

Challenges for the Partnership

The partnership has managed to generate much momentum. The flipside of this achievement is the general danger of moving too fast. In order to secure the initiative's credibility, the partners need to ensure that the first few projects are concluded successfully. Moreover, a number of concrete challenges need to be addressed:

A first challenge has been finding an entity to permanently represent water committees within the partnership's decision-making structures. This is due to the fact that there are two types of water committees. They are either sub-organisations of the *Organizaciones Territoriales de Base* (OTBs), a local governance arrangement unique to Bolivia, or they are formed independently of the OTB mechanism. Neither form of water committee has a representative umbrella organisation. Pro Habitat is currently beginning to group together OTB-based water associations on a district level, which may resolve the problem.

Another issue concerns the ownership of the water distribution networks once SEMAPA reaches communities with its main water pipelines. Currently, networks are owned, operated, and maintained by the local communities. However, SEMAPA could also take over these tasks. Most communities favour the former version, because purchasing water in bulk from SEMAPA for the communal storage tanks would be cheaper than linking individual households to SEMAPA's system (US\$0.25 per m³ versus US\$0.45 per m³). Regardless of what approach is chosen, the roles, mandates, and responsibilities of the various stakeholders will have to be carefully specified in future contracts between local communities and SEMAPA.

As the partnership scales up its work, it will also become necessary to set up more formal decision making processes and management mechanisms. Currently, the partnership's decision-making is largely ad-hoc. This has caused some difficulties, particularly with staff changes in one of the partner organisations. Related to this is a concern over insufficient coordination among partners. These issues could be addressed by creating a coordination office, staffed by a representative each from Agua Tuya/Plastiforte, SEMAPA and Pro Habitat. Such an office would improve coordination both among the partners and it could act as a "one-stop shop" for water committees wishing to work with *Agua Para Todos*.

Critical Issues and Future Plans

The partnership's current plan is to connect around 17,000 households, or 75,000 people, to SEMAPA's water system within the next five years. This is about three times the current rate of the partnership's activities to date. If successful, the partnership could also be expanded to or replicated in other areas of Bolivia.

Whether these plans are achievable depends in part on whether SEMAPA's projections for the extensions of its main pipelines are realistic. Moreover, whether water can actually be provided to Cochabamba in the long-run is a matter of whether funding is secured to complete the Misicuni Dam, which will secure water access for the town. Otherwise, the communities will continue to rely largely on the costly and lower-quality water of private vendors. These external uncertainties make determining exact figures and benchmarks of partnership success difficult.

Currently, the construction of water distribution networks as well as the training services are paid for largely by the end users, using loans supplied by Pro Habitat and CIDRE, and, in the future, the *Participación Popular* funds. The planned expansion will require external financial support in a number of areas: First, the partnership requires a revolving fund of US\$ 480,000 in order to be able to provide sufficient micro credit. This fund would be repaid to donors within six years under non-commercial conditions. Second, Plastiforte, the pipe manufacturer, needs a commercial loan of US\$ 100,000 to expand its activities to meet increased demand. Third, Agua Tuya/Plastiforte and Pro Habitat require a grant of US\$ 150,000 to expand their training activities. Fourth, the partnership requires a grant of US\$ 108,000 over the next five years to establish, equip, and run the coordination office in southern Cochabamba. Once SEMAPA has reached the area with its main pipeline, the company can finance all or part of the office as part of its regular business activities, ensuring sustainability. Finally, smaller grants are needed for such purposes as legal analysis or the documentation and evaluation of the partnership. In total, the financial requirements add up to loans of US\$ 580,000 and grants of up to US\$ 425,000.

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