

RECIFE, BRAZIL: BUILDING UP WATER AND SANITATION SERVICES THROUGH CITIZENSHIP

By Antonio Miranda

BACKGROUND

Recife, with 1,5 million inhabitants, is the capital of Pernambuco State, in northeast Brazil. More than two thirds of the population lives in poverty, half of these below the official poverty line. Recife is at the coast with more than 60 rivers, channels and creeks within the city's perimeter – including the largest urban mangrove in the world – all of them totally polluted with sewage. Only 27% of the population is serviced by sewers, and less than 10% have even basic treatment. In addition, Recife has had water rationing through scheduled cut-offs for the last 21 years. About 12% of the population is not regularly connected to the water pipes.

This dramatic situation is the result of the municipal government not regulating and controlling these services' delivery – though it is the body responsible according to the National Constitution – but it has been left to be done by a state (provincial) level public utility named Compesa. This utility has had a poor performance, in general, due to a number of factors. Compesa was one of the state public operators created during the military dictatorship, during a period of total lack of interest in municipal participation or, of course, any kind of popular participation. Not surprisingly, Compesa has been the worst state public services' provider for the past few years.

PRIVATISATION - THE PROPOSED SOLUTION

In 1999, the state governor decided to privatise Compesa with the silent acquiescence of Recife's mayor at that time. The people were so angry with Compesa that this idea was supported by important, key players. But the municipal elections in 2000 brought a new dimension: The Worker's Party candidate, João Paulo, was elected for a four-year mandate. Clearly committed to a social agenda, with an anti-neo-liberal approach, Paulo decided to take up the challenge and get the municipality involved in the water and sanitation issues. The first ever department of municipal water and sanitation services was established and his very first institutional position was to declare his opposition to Compesa's privatisation. This announcement literally stopped the process.

There were a number of reactions attempting to link this position to a possible worsening of services. A little later, a negotiation for a US\$84 million loan from the World Bank for infrastructure investments in Recife and the neighbour city of Olinda, through the state government, brought up the issue of water services' privatisation again. The World Bank insisted on privatisation as a pre-condition for the loan. The mayor's position was clear and firm: Recife would not accept this. On the contrary, the city hall offered a new institutional arrangement to improve Compesa's performance, keeping it as a public provider and under social control mechanisms. The negotiations almost finished then, but eventually Recife's proposal was accepted by the World Bank. The loan was signed in 2003 with no mention of privatisation.

THE CHALLENGE: TO CREATE A FEASIBLE ALTERNATIVE

Due to people's lack of satisfaction – mainly, the poor – it was hard to defend the continued existence of Compesa. The issue's complexity and its various scenarios drove the municipality to launch a so-called "First Municipal Conference on Water and Sanitation", a seven-month long process which involved 4,000 people in 20 meetings at neighbourhood level, starting in 2001 and finishing in 2002. During this process, the 4,000 participants elected almost 400 representatives for a deliberative session. Among these representatives, there were ordinary people (more than 60%) and others organised in civil society organisations (about 27%). The government's representatives – from federal and state and municipal levels – had less than 7% of the voting power. Such numbers show by themselves the value of the popular participation in a deliberative – meaning decision-making – process.

Of course, all of the representatives received all the information needed to make their own choice on several issues around water and sanitation matters. During those seven months, capacity-building instruments were by and large implemented. Workshops, seminars, articles, press releases, lectures, arts, all of the tools for improving knowledge, were used so that representatives had both pro-privatisation and anti-privatisation information.

At the end of the conference process, more than 160 decisions were voted on and approved. The main ones were: to oppose the privatisation of the water and sanitation services in Recife; the maintenance of Compesa as the provider, but under strict regulation and control of the municipality; the creation of the municipal council of water and sanitation as the major body for strategic decisions in this regard; and the creation of a statutory body at the municipal level for the execu-

tion of a number of services, complimentary to Compesa – mainly works and services at slums, the most urgent and important problem to be faced.

The way to convene Compesa and the municipality is a “concession contract”, on which all the rules, goals, roles and penalties will be established. With this arrangement, the institutional model seemed to be theoretically designed, with the legitimacy of a very democratic decision-making process. But what did Compesa and its owner – the state government – think about it all?

THE NEGOTIATIONS WITH COMPESA

First of all, we realised that there would be a better environment for negotiations if we could have some kind of pilot-project. There was a good basis already in place: co-operation between Compesa and the municipality for a community of more than 30,000 people, aiming to rebuild and to expand an existing water and sewers network, virtually not-operated and not-maintained. The selection of this community came from the mayor and was proposed to the state governor – although they are political opponents, both are directly involved in commitments for administrative partnerships for the benefit of the people. A few political analysts trusted this declared willingness, but the implementation of this commitment did come very quickly on a number of areas – urban transport, housing, etc. This happened despite clear opposition from within Compesa on the issue of water and sanitation, mainly due to corporative reasons – for the previously “untouchable” Compesa, this negotiation is no less than a threat. At the time of writing, the negotiations for the constituency of the concession contract were developing very well, with perspectives to be concluded and signed in March 2005.

THE GOALS

The main goals of the concession contract will be related to the time frame for universal coverage of quality services. In the case of water supply, the initial proposal is to end the scheduled cut-offs within the next five years; for the sewage, coverage of 100% (with proper treatment) within the next 20 years, according to priorities defined by the “participatory budgeting”, which exists in Recife as well as in Porto Alegre. At first sight, 20 years might seem too long a time, but it means more than 55,000 people per year added to the network – a huge number, even for a city of 1,5 million people.

Other goals are related to the tariff structure and prices: to guarantee the right to water, taking into account the payment’s affordability; to the operation and maintenance standards; to the transparency and accountability of the service’s delivery as a whole, which will be one of the most important concerns of the municipal council.

THE FINANCING

Today, Compesa makes a surplus in Recife which is transferred to more than a hundred small towns throughout the state of Pernambuco. This inter-municipal subsidy, though a good source of resources for small communities, is very unfair from the perspective of the poor people that live in Recife. The use of this surplus will be carefully examined and the open and transparent decisions that will be taken by the council must consider the interests of those who need improvements most, regardless of the city in which they live. We believe that, with this criteria, Recife will have a lot more investment. Also, there is already a considerable amount from the city budget – a decision resulting from the fact that investments in water and san-

itation mean a large amount of savings on public health care.

Nonetheless, investments in water and sanitation are expensive (and long term) enough to require loans with long-term amortisation, from both national and multilateral banks and agencies. Of course, harsh pre-conditions must be refused and fair interest rates must prevail, but the fact is that the balance of power is not favourable yet.

THE MANAGEMENT

The key for the sustainability of these services is actually the municipal council on water and sanitation. Democratically constituted and pro-consumer oriented, all the issues – coverage, quality, maintenance, prices, etc. – will be under its control. The decision taken at the first conference was that only 25% of the votes of this council will come from the government. Another 25% will come from labourers and 50% from civil society representatives (organisations and individuals). Once this model is established, the “blackbox” will be permanently open, avoiding political manipulation of the management – including tariffs and all other strategic decisions.

THREATS AND OPPORTUNITIES

This new arrangement means a rebalancing of power. From the municipal side, there is a strong willingness to transfer the decision-making power to the municipal council. This will hardly be a priority for Compesa – the more power Compesa has, the less the council will interfere. So, the main threat comes from the possible – and probable – opposition from Compesa. Again, once established, democracy will drive the process; sometimes for the better, sometimes for the worse. The opportunity that will come from this experience has a rev-

olutionary component – together with the participatory budgeting, there will be a mix of direct and representative democracy working not in opposition, but in harmony.

A GLOBAL MOVEMENT?

Certainly, a global watch on experiences like this is the most effective way to deliver and to bring new ideas and shared experience, and to constrain governments from dismantling good (transparent and accountable) mechanisms of popular participation. To be naïve is not an option for those who still dream to make this world a better place, but with both feet on the ground.

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www.recife.pe.gov.br (Portuguese only),

www.assemac.org.br (Portuguese only)