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WATER: PUBLIC MANAGEMENT SUCCESS IN RIO GRANDE DO SUL - BRAZIL

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Introduction

In Rio Grande do Sul, the southernmost Brazilian state, history has outlined utopias, movements, insurrections and a constructive rebelliousness for centuries. Today, Rio Grande do Sul celebrates the most radical triumph of democracy. For three years, the state population directly decides, through the Participatory Budget, where are the priorities to invest public money. Rio Grande do Sul inhabitants have chosen to participate to govern, to set policies that lead to equality, to improve the quality of life of the whole population. The democratic and popular project that governs the State has shown the best human development indexes. It recovers public companies and improves services that are essential to the population, such as basic sanitation and health care. And Rio Grande do Sul is regaining its

identity that is translated in three words found on its flag: liberty, equality, humanity. Thus, in our State many possibilities for another world are built in the daily practice.

This account is designed to show how the State Sanitation Company (Corsan), a public company, asset of citizens and provider of water and sewage services is facing the boom of privatisations and building an alternative to the paradigm of inefficiency of the public sector.

Managing the treated and clean water supply to 2/3 of the State’s population (around 6.5 million people), Corsan’s task is twofold: universalise access and foster a collective awareness of rational water use, so that future generations are able to enjoy this element that is so essential to the life of living beings in our planet. But maybe the greatest task is that of keeping it a quality public participatory company.

The Inherited Institutional Framework

Supported on the theory of the minimum state, on universalisation and fiscal adjustment of public accounts of poor and developing countries, multinational agencies such as the IMF, WTO and the World Bank force privatisation and commoditization of water. Through the big media, they try to tell us that this is the only way out. After centuries of domination of the world economic order, concepts are changed to make everything stay the same. Globalisation is confused with universalisation or, still, with market liberalisation. After all, it is in the state of confusion that a few take advantage at the expense of many.

The history inherited by the current Corsan management – both locally and globally – pointed to the need of a total reversal in values. Together with its broader mission – one that is inherent in its existence – namely, universalisation of access to environmental sanitation and the consequent promotion of public health to state inhabitants, starting in January 1999 the company would have to face the difficult task of staying public and reverse a scenario that had already been set where Corsan would be handed over to the private sector. This is the reason why we say our history started in 1998, when state incumbents committed to the globalizing economic model rules intended, through the Privatisation Program, to dismantle the public sanitation structure. These gave rise to a transforming, democratic and

popular project by the free choice of its citizens.

This political view of minimizing the power of the State, which would gradually stop providing basic services to its citizens has had direct impacts that can be felt at the state-owned company. At that time, Corsan was in bad shape, poorly managed, with a high degree of outsourcing of its services and prepared for privatisation. The intelligence and the skills of its workforce were far removed from the project of recovering this public company to serve the population of Rio Grande do Sul. The inherited debt service took up 35% of operating revenue. The creative potential of sanitation workers was not used.

In its external relationships, there was a distance between the Company and the municipalities (local power) and users. Consumer rights were violated with the removal of water meters in case of non-payment of water bills. There was a tariff discrepancy and often times works were inaugurated without water supply, thus building a false expectation by the population in relation to services. In January 1999, half of the 324 municipalities served by Corsan had problems of water shortage, which have been solved today.

Based on memos from the economic policy signed between the Brazilian federal administration and the IMF, the Brazilian government tried to impose a National Sanitation Policy based on the removal of crossed subsidies, on the privatisation of water and sewage services in profitable cities and on countless pitfalls that subjected users' autonomy to regulatory agencies shaped by the World Bank to "capture" the sovereignty of peoples and reduce risks to private

investors. Were that not enough, in the 1995-1998 period, sanitation service providers made a net transfer of U\$ 5.61 billion to the Federal Government, an amount used to cover tax deficit. In 1998, resources for the public sector were set by the National Monetary Council and by the Federal Senate. In 2002, by means of a Federal Decree, resources for sanitation in Brazil were cut by 96%. As a consequence of this policy, the control of the management of the largest surface fresh water reserve in the World, the Amazonas river basin - an unquestionable national wealth and world heritage - is in the hands of the world's largest multinational company,

the French company Lyonnaise de Eaux, since June 21, 2000 when it won the sales auction of the water services provider subsidiary in the city of Manaus, at the Amazonas river. The acquisition took place by public resources funded by the Brazilian National Bank for Economic and Social Development (BNDES), a development financial institution of the Brazilian Government, whose resources come, among other places, from the Fund for Workers' Support (FAT), which through privatisations has funded their own unemployment. Thus, we are all in urgent need to talk about water so that it does not become an instrument of political and economic domination of peoples and nations.

The model that expands democracy

There is a different kind of government in Rio Grande do Sul. A government that is different from the neo-liberal model that rules Brazil, which is subject to the big international capital and to large economic groups. A government that is different in the conception of a public State at the service of the population, in its belief in the productive potential of the local economy, in the economic development that favours the whole society, in social policies that fight exclusion. A government that is different in the management of public resources, where the population, through the Participatory Budget, prioritises investments and controls expenditures. Loyal to its tradition of insubmission and rebelliousness towards the central power, Rio Grande do Sul has once again taken a stance against the

dominating order. Instead of privatising, the State government strengthened and improved public companies such as Corsan in order to deliver quality service to the population. It chose to follow a development model that takes into account and balances various economic vocations, different cultural manifestations and the social and human wealth of its people. It has shaped the State in a transparent fashion, assuming the most fundamental principle of democracy: the universalisation of rights. Rights such as education, health care, employment, land and water for all. It is the State of Rio Grande do Sul against the stream in favour of life and against social injustice and economic inequalities that have plagued Brazil for 500 years. In Rio Grande do Sul, the State belongs to everyone. The State is public, and not private. And popular participation consolidates rights and expands the very meaning of democracy.

Mobilisation and struggle against privatisation

In 2001 we witnessed an event that illustrates the fact that together we can achieve more than as mere individuals. After the establishment of a National Front for Public Environmental Sanitation, comprised of labour unions, service providers, segments of the Church, Congressmen, Mayors and a large share of the organized civil society, an intense agenda of discussions was promoted together with the collection of 720,000 signatures against Bill 4147/01 by the Brazilian Federal Government which would subject the National Sanitation Policy to the caprices of IMF. This attitude led to the postponement of the vote of the

above mentioned bill and taught us a lesson namely, that with the support of society and a lot of mobilisation we can effect changes and reverse priorities. In this institutional battle, we have to continue to be on the alert and persist on the defence of the principles that guide life in this planet.

Going against these market and excluding principles will be a hard task to be undertaken by social movements and society at large. We have to believe that the "impossible" is possible. Any stronger manifestation or opinion cannot disappear facing the wall of indifference. Going against neo-liberal ideas and daring to voice a different opinion is a responsible and modern attitude.

Participation

For three years, the direct participation of the population through the Participatory Budget (OP/RS) has been the tool chosen by the State inhabitants to govern. The largest work of Participatory Budget, which decides where is the priority to invest public money, is the change in the life of thousands of people. These are men and women who live in the country and in cities, retired people, youngster, workers, unemployed, civil servants, professionals who now define the directions to be taken by the State. These people who, for the most part, could only participatr with their vote and who had to wait until the next election, today choose public works to be constructed and vote for

priorities. Starting in 1999 in the 497 municipalities of Rio Grande do Sul, assemblies are held to start to define investments in the specific municipality, region and the State. Last year, assemblies were attended by 378,340 people in all municipalities of the State, deciding on the priorities for the use of public resources.

In order to consolidate this citizenship-based policy, Corsan established a venue for discussions with broad representation of community leaders: the Committees of Users Citizens. Representing 75% of all users served by Corsan, the committees work as mechanisms of information democratisation and social control over environmental sanitation. Overall, 80 such committees have already been set and the goal is to achieve 100 by the end of 2002.

Efficient Management and universalisation

The principle of universalisation of access to environmental sanitation services, which is the basis for the promotion of quality of life to the whole society, assumes the ability of the public power to promote income distribution and subsidise low-income populations in rural areas and poor neighbourhoods based on the principle of active social solidarity, regardless of the scale of the systems and services. Corsan, a 100% state-owned company, after 35 years of its establishment, integrates in its mission the ethical consumer, the conscious consumption and environmental management. The programs are prepared by the bases of the institutions, discussed and adjusted by frontline sanitation workers who have direct contact with users and their needs, thus resulting in effective and surprising actions.

The year 2002 has been successful in many different ways for Corsan: **a)** the close relationship with the granting power (municipalities); **b)** greater potential by the company to achieve its mission around universalisation of services with the addition of 700 thousand new city users and 150 thousand rural users; **c)** service provided to excluded indigenous

communities; **d)** increase in operating revenue for social reinvestments and installation of water meters in 80% of households (twice the national average, which is 40.5%) according to a report by the National System of Information on Sanitation; **e)** repositioning and qualification of the Company's image; **f)** trust of citizens/users and their awareness of issues such as health preservation and responsible water consumption have been reinforced; **g)** sewage systems that had been historically forgotten and neglected by successive administrations had their treatment capacity doubled. In sum, these are positive results that give trust to the company and its users who are being provided increasingly better services.

In turn, Austin Asis and Moody's audits, in an assessment of the Company, said the latter had a "strong credit capacity" and "obligations protected by high coverage margins". The positive results have shown that a public company can also benefit from bold and strategically planned market actions. The State is being deprivatised. It is the return to state-ownership of its basic functions around the revaluing of public life. In our State, as was the case in Argentina and Bolivia, with improved efficiency standards, previously privatised systems start to return to public control.

Economic recovery and more resources for investments

In June 2000, *Exame* Magazine mentioned Corsan as the sixth best state sanitation company in terms of profitability and among the top ten in Brazil in terms of financial recovery. In

its annual balance, *Gazeta Mercantil* newspaper (2000 issue) mentioned Corsan as the fifth company in Brazil in the category "Water Supply and Basic Sanitation". The 2001 issue of this same publication confirms

this position. In a survey made by the Regulatory Agency created to “capture” and “liberalise” state services privatised before January/1999, Corsan, which stayed as a public company and regained its purpose, had the best score relative to service provision standards. On the other hand, 80% of the population said

that Corsan should remain a public company and only 5% said that services should be privatised.

After eight years operating in the red, Corsan achieved an economic-financial balance in 2001. In 1998, the negative result was R\$ 53,6 million. Three years later, in 2001, Corsan closed the year with a profit of R\$ 7.1 million.

Education: the basis for social control and information democratisation

The integrated communication and environmental education actions for reflexive and interactive awareness building designed by the Environmental Education Program – “Preserved Water, healthy life” have shown to the population that the water supply and sanitation Company has a user focus and generates value with a quality product that is accessible and basically intended for responsible consumption.

We should not measure our world by the distance that separates our peoples and nations, the rich and the poor, but rather by the reach of our understanding. We were thinking about a way to get out of the situation we were in, where we were told things were that way and there was not other

solution other than privatisation, that we should concentrate income and generate wealth that would be distributed later. We have changed the way of thinking. We have introduced a humanist value, the value of supporting education, agriculture, local production systems and the greatest asset of our people namely, their wisdom and the will to transform the way the State operates through participation. A State that is guided towards its people and their priorities and not towards the interests of the world and private market.

We turn the daily life into our classroom, becoming learners and educators. We try to awake in people the sense of collectivity and solidarity. We have to believe that we can change the world for the better. Those who think and participate, can change their street, their city, their State and their country.

The future of water, our future

The future depends on everyone’s behaviour. Overall, water should be used in a conscious and careful way so that there is no shortage or deterioration of the quality of currently available reserves. Therefore, it is wise to see water as a finite good and that in order for all human beings to

enjoy it, we have to go on our struggle to defend a better world, one that is possible for everyone.

In Rio Grande do Sul, the State Government, through CORSAN, following the experience built in Porto Alegre, is building a public management model with quality, the participation of users and the society. This

process has proven that the establishment of practical devices for the participation of the population and commitments by the Government to make what the population has decided are essential to break the bureaucratic barriers that separate the civil society from the State. Verticalised decisions give way to horizontal deliberations, tokens of participation. Where there is participatory budget, there is more political awareness.

Finally, in order to understand that investing in public and effective

management of environmental sanitation, which is socially indispensable, environmentally necessary, economically profitable and politically correct, there is a need to educate people's sensitivity and to participate. But, above all, there is a need to reach those who are indifferent, to teach them how to live. Those who live cannot truly fail to be a citizen and participate. Those who live feel the future society they are building beating in their consciousness. There is no reason why one should just watch life go by and give up the construction of a better and more beautiful future for everyone.