Conflict Factsheet

Water Privatisation in Cochabamba, Bolivia

Type of conflict
Sub

Intensity
2

Conflict Locality
South America

Time
2000 – ongoing

Countries
Bolivia

Resources
Water

Conflict Summary

In 2000, privatisation of the drinking water in Cochabamba incurred violent protests and escalated into the so-called Water War of Cochabamba, which killed at least nine people. Eventually, the city’s water was renationalised and access to water received new legal backing. However, dwindling water supplies induced by global climate change, over-consumption and technological deficiencies continue to heavily strain the city of Cochabamba and Bolivia on the whole.
Conceptual Model

Climate Change
- Gradual Change in Temperature and/or Precipitation

Environmental Change
- Increased Water Scarcity
- Change in Access / Availability of Natural Resources

Intermediary Mechanisms

Fragility and Conflict Risks
- Anti-State Grievances

Social and Economic Drivers
- Economic Development

Context Factors

Water
Conflict History

In 2000, protests first erupted over the privatisation of Cochabamba’s water system and the subsequent rise in water prices. The protests eventually turned violent, resulting in several fatalities, injuries and a declaration of a ‘state of siege’. In the end, the conflict culminated in the revoking of the contract to the company (Beckermann, 2013).

Privatisations

Economic hardship prompted the Bolivian government to seek financial support from the World Bank and the International Monetary Fund (IMF). As a condition for receiving loan assistance, the World Bank and IMF required the Bolivian government to foster the privatisation of state industries, as well as to increase private investment and to refrain from heavily subsidising public services. Hence, within this context, many national industries were privatised. At the same time, the water rights of the city of Cochabamba were sold to the private company Aguas del Tunari (owned by International Water) in the hope that water and sanitary services for Cochabamba would improve. Besides this 2,5 mio USD concession, the company was also granted the rights to generate electricity and irrigation water for agricultural purposes. Aguas del Tunari planned to expand the city’s water systems and built a costly dam (PBS, 2002).

Law 2029

In order to guarantee the legal grounds for the privatisation, the Bolivian government passed the 2029 law. This law comprised the selling of water resources that were not previously part of the state entity in charge for the water provision called SEMAPA. This led to concerns from local stakeholders that the previously independent communal water systems could also be expropriated. Moreover, Aguas del Tunari acquired the rights to charge residents for using connecting installations to these systems and the population was required to dispose of a concession to use rain water according to this law.

Cochabamba’s water issues

The city has been suffering from longstanding chronic water shortages. Notably, it has been criticised that the water is diverted to middle income and industrial sectors, while the poorer parts of the city and its inhabitants, had to resort to develop their own wells and water systems to deal with the water shortage (Gigler, 2009).

Protests and cancelation of the contract

Protests started peacefully in January 2000, when prices doubled for many residents. In particular, the protesters asserted their right to have access to water, which they felt had been disregarded during the process of privatisation. A major issue related to this conflict was the fact that the poorest parts of the city were not receiving piped water whilst the richer parts were.

The protests turned violent in February 2000, when military police from La Paz, Bolivia entered the city of Cochabamba to suppress a series of mass protests carried out by Cochabamba’s rural and urban inhabitants (Beckermann, 2013). As a consequence, a ‘state of siege’ was declared by the Bolivian President. The violence resulting from the protests and blockages resulted in at least 7 death and hundreds of civilian and police casualties. Additionally, roughly 200 protesters were arrested, including protest leaders. A peak in the protests was reached when the video of a military leader
shooting a student to death went viral. After this incident, the government officially stated that it was unable to guarantee the safety of the executives of the water company and ended the contract with Aguas del Tunari. During its violent climax, also known as the Bolivian Water War, the conflict attracted much international attention and coverage with activists protesting during the IMF and World Bank meetings in Washington (Taringa, 2011).

Post-Privatisation situation in Cochabamba
The Bolivian public water company SEMAPA was reinstated over the municipal water source and a national bill was created which prioritised social needs over economic needs. Moreover, it ensured informal local water sources - that many of the disadvantaged parts of the population rely on - were protected by law. Subsequently, the water price in Cochabamba fell to pre-2000 rates after the revoke of the privatisation. However, in 2005 approximately 600,000 people remained once again without water or received merely intermittent water services of several hours a day (Taringa, 2011).

Today, Cochabamba remains challenged to develop alternative models to water privatisation. Though the municipal water entity SEMAPA has more than tripled its service area since 2000, more than 40% of the city’s residents are still without piped water and sanitation services. Those living outside the water provision grid are still forced to pay significantly higher prices for trucked-in water of low quality. Moreover, outstanding charges against SEMAPA for mismanagement, corruption, and inefficiency continue to haunt the organisation. SEMAPA laid off 150 workers in 2010 in order to overcome a cash deficit due to alleged financial irregularities (Achtenberg, 2013).

General outlook
Climate change acts as a dramatically exacerbating factor in the conflict over water in the region. Given recent trends in glacial melting patterns in Bolivia, it is likely to exacerbate the long term water scarcity with dramatic effects (Buxton et al., 2013). Against the backdrop of socio-economic level of stark inequality, high dependence on water for subsistence farming and the increasing scarcity of freshwater supply in the urban agglomerations, more conflicts are likely to erupt in the future (Gigler, 2009).

Resolution Efforts
Grassroot organisation’s takeover
The grassroots organisation La Coordinadora primarily headed the protest and negotiated the release of detained protesters and the repeal of the water privatisation law. La Coordinadora was initiated by the Cochabamba Department Federation of Irrigators (Federación Departamental Cochabambina de Regantes - FEDECOR) and is composed of local experts, as well as members of a labour association. The demands in its core addressed unemployment and economic problems and were primarily directed at the government.

In April 2000, Oscar Olivera – leader of La Coordinadora - signed an agreement with the Bolivian government to revoke the contract of Aguas del Tunari. The agreement also guaranteed the release of detained protesters and the repeal of water privatisation legislation. The law 2029 - that was notably seen critical for charging peasants for withdrawing water from local wells - was also removed. Moreover, the
water management was handed to the organisation of La Coordinadora and protesters released from prisons (Beckermann, 2013).

**Lawsuit against lost investments**

After the concession was withdrawn, and the 200 mio USD contract revoked, the company filed a complaint of 40 mio USD in the International Centre for Settlement of Investment Disputes (ICSID) - a member of the World Bank Group - against the Bolivian government for lost benefits on the basis of the bilateral investment contract.

In 2002, a protest was staged by La Coordinadora in front of the headquarters of Bechtel - a shareholder of the company Aguas del Tunari in the USA - in San Francisco (California). The activists demanded that the 25 mio USD compensation for lost investments requested by the company should be invested in improved water access in Bolivia. In January 2006, an agreement between the government under Eduardo Rodríguez Veltzé and Aguas del Tunari was reached agreeing that the concession was withdrawn because of civil unrest and a state of emergency in Cochabamba. With this declaration both parties renounced on any financial demands against each other and the legal battle was settled (Taringa, 2011).

**Public water provision still insufficient**

As of today, insufficient mechanisms for private and public water management prevail. Residents of Cochabamba’s southern zones rely more and more on traditional, community-managed water systems. These water distribution systems are managed autonomously by elected water committees, cooperatives, or community groups seeking some amount of collaboration with SEMAPA. The local water committees have in some cases received technical assistance and direct EU financing for their systems.

Some studies have been very critical of the role of the international development cooperation throughout the longstanding water quarrels. They are said not only to have sought conflict resolution by staging dialogue and mediation events, but also to have influenced negotiations as well as economic decisions of Bolivia, and undermined national sovereignty with ulterior motives (Fritz, 2006).
## Intensities & Influences

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### Diplomatic Crisis
- No diplomatic crisis

### Violent Conflict
- Yes

### Salience with nation
- National

### Mass displacement
- None

### Cross Border Mass Displacement
- No

## Resolution Success

### Reduction in Violence
- Violence has ceded completely.

### Reduction in geographical scope
- The geographical scope of the conflict has decreased.

### Increased capacity to address grievance in the future
- There is no increased capacity to address grievances in the future.

### Grievance Resolution
- Grievances have been mostly addressed.

### Causal Attribution of Decrease in Conflict Intensity
- Decrease in conflict intensity at least partially the result of conflict resolution strategies.
Entry Points for Resilience and Peace Building

**Treaty/agreement**
In April 2000, the leader of La Coordinadora successfully signed an agreement with the Bolivian government to revoke the contract with the company Aguas del Tunari.

**Improving infrastructure & services**
Improved mechanisms for private and public water management are still needed as many residents rely increasingly more on traditional, community-managed systems. Some local water communities have received technical assistance and direct EU financing for their systems.

**Promoting social change**
The widely held protests were primarily headed by the grassroots organization La Coordinadora, and were carried out by Cochabamba’s rural and urban inhabitants. La Coordinadora also negotiated the release of detained protesters and the repeal of the water privatization law.

Resources and Materials

References with URL
- Beckermann, A. (2013). Bolivia Water Protests
- Frontline World (2002). Timeline: Cochabamba Water Revolt

Further information
https://factbook.ecc-platform.org/conflicts/cochabamba-water-privatisation