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# Research papers

## When governance fails: Institutional asymmetries in water management in the municipality of La Paz





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**When governance fails:  
Institutional asymmetries  
in water management  
in the municipality of La Paz**

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**Abstract**

This article reflects on the emergence of asymmetries in the institutionality of the water and sanitation sector, primarily caused by the presence of political, social and economic forces that catalyze a process of liquefaction of sectoral and competence-driven regulations by the main actors. In other words, the rules of the game for organization and institutional management of the resource are not followed, producing instability in provision of the service, to the point of bringing about a supply crisis (as happened in the city of La Paz in November 2016). In Bolivia, where water is a fundamental human right, the sector institutions tend to generate actions that are contrary to good governance. Good governance would establish an ideal symmetry characterized by institutional correspondence according to the competences of each actor, interdependence, associativity, trust and continuous participation, and by power relations subject to greater political will in the search for solutions, compliance with sectoral regulations and technical criteria to enhance the sustainable access to services for the entire population.

**Keywords**

Water sector, asymmetry, associativity, crisis, institutionality, governance

**Résumé**

Cet article se penche sur la question de l'émergence d'asymétries dans l'institutionnalisation du secteur de l'eau et de l'assainissement, principalement causées par la présence de forces politiques, sociales et économiques qui catalysent un processus de liquéfaction des réglementations sectorielles et des compétences des principaux acteurs. En d'autres termes, les règles du jeu de l'organisation et de la gestion institutionnelle de la ressource ne sont pas respectées, ce qui entraîne une instabilité dans la fourniture du service, au point de provoquer une crise d'approvisionnement (comme ce fut le cas dans la ville de La Paz en novembre 2016). En Bolivie, où l'eau est un droit humain fondamental, les institutions du secteur ont tendance à générer des actions contraires à la bonne gouvernance. La bonne gouvernance établirait une symétrie idéale caractérisée par une correspondance institutionnelle selon les compétences de chaque acteur, l'interdépendance, l'associativité, la confiance et la participation continue, et par des relations de pouvoir soumises à une plus grande volonté politique dans la recherche de solutions, le respect des réglementations sectorielles et des critères techniques pour améliorer l'accès durable aux services pour toute la population.

**Mot clés**

Secteur de l'eau, asymétries, associativité, crise, institutionnalité, gouvernance

**Classification JEL**

H75,76, I14, L95, O13,O17

**Original version**

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# Introduction

Because of its importance, water links and involves social, institutional and political actors, especially in Bolivia, where the access to water is a fundamental human right reflected in a series of regulations, laws and institutions that exercise shared, exclusive or concurrent competences at different levels of government and that make up the institutional framework for basic services management. There is implicit interdependence between these levels and, therefore, a need for adequate coordination in order to achieve the goal of universal access to water. Addressing the institutional dimension of drinking water services helps us to understand how the system of institutions develops its actions in the regulatory and legal framework in relation to a partially active population,<sup>1</sup> and how these actions affect the social, political and economic system and the legal, administrative and technical management for effective governance to ensure sustainable access to the service. During the water crisis in the city of La Paz in 2016, in which 94 neighborhoods on the eastern slope and in the southern macro-district were left without service delivery, it was obvious that there is a clearly identified political problem in the relationship between the central government, the municipal government and the service operator, despite

legal provisions (Le Gouill, 2017). It is a conflict between what the institutions that manage, regulate and distribute the service effectively did and what they should have done; it can be analyzed in the light of at least three critical moments of transformation and reforms of the sector's institutionality in the last two decades: the Water War in 1999, the creation of sectoral institutionality in 2012 and the water supply crisis in La Paz in 2016.

These sectoral difficulties were mainly reflected in a governance crisis,<sup>2</sup> due to the emergence of asymmetries<sup>3</sup> in inter-institutional relations, the lack of aligned competences, and the structural inequalities and/or differences between the central and municipal governments and the operator (mainly due to political factors). As a result, there was a lack of balance, harmony and ideal stability, which hindered the proper functioning of the entire institutional apparatus of the State, putting the service at risk and having a direct impact on the population and users.

The causes underlying these crises in the water service are also related to the effects of climate change, the absence of adequate infrastructure and/or failed institutionality. In view of their complex nature, these causes

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<sup>1</sup> According to resolution on legal capacity R.S. No. 2896/48 RAP002/94, the Federation of Neighborhood Councils (FEJUVE) of La Paz is the only legal and legitimate organization representing all residents and inhabitants grouped in neighborhood councils within the territorial jurisdiction of the municipality of La Paz. However, this municipality has two parallel organizations of this type, one recognized by political party Movement towards Socialism and the Central Government and the other recognized by the Municipal Government. During the water crisis, part of the affected population did not feel fully represented by these bodies and therefore organized through social networks and other mechanisms to bring their claims to government bodies (Le Gouill, 2017). The population takes action only when the water crisis erupts; there are no prior records of neighborhood councils or other civil society organizations actively participating in sectoral actions such as the social control of works or other related activities. The population got organized and acted only after the outbreak of the crisis.

<sup>2</sup> The United Nations defines governance as "the range of political, social, economic and administrative systems that are in place to develop and manage water resources, and the delivery of water services, at different levels of society" (Rogers and Hall, 2003). Governance is characterized by the interaction between a plurality of actors, horizontal relations, the search for a balance between public power and civil society, and participation in the governance of society in general, and not by a single actor, be it political, economic, social or cultural. Hence, the interest in using the concept of governance lies in its capacity to encompass the institutions and relationships involved in government processes (Cerrillo, 2005) where the (central) state is no longer the main protagonist.

<sup>3</sup> Asymmetry is understood as the dysfunctional balance produced by the separation of functions of institutions due to the presence of political, social and economic forces, capable of generating instability in the government.

can be understood as an asymmetric and complex structure of human and non-human factors (Latour, 2001), of natural and non-natural agents in a multitude of continuous links across a geographic space (Graham, 2010). This structure is characterized by a lack of clarity of institutional values and the disarticulation of all active subjects concerned,<sup>4</sup> which, in terms of Pacheco-Vega (2014), gives rise to the luxation of institutional boundaries.

The demographic dynamics of the city of La Paz require an institutional system capable of providing the service in an efficient, effective and sustainable manner, i.e. in technical, social and environmental terms, creating confidence in the government and the proper interdependent functioning of the institutions of the sector. However, in the municipality, interinstitutional relations between the Public Enterprise for Water and Sanitation (EPSA), the municipal government and the central government are stigmatized by power logics and political domination, in which each party intends to have control and impose its vision regarding the resource. The supply cuts in November 2016 point to a broader context of political tension and highlight the limitations of certain actions promoted by the government (Le Gouill, 2017) and a breach of sectoral laws, weakening the governance of water and other services.

An analysis should be made of how these asymmetries are formed in inter-institutional relations that have a negative impact on resource and service governance, and how they operated in service management during the supply crisis in La Paz in November 2016. Thus, it will be possible to understand and put in place mechanisms to build a logical symmetry of the actions of the different levels of government and other stakeholders in line with their competences. This symmetry and its practical application will allow the establishment of a governance model that foresees conflicts such as supply crises or other events related to institutional management of the resource through the implementation of collectively drafted sectoral public policies.

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<sup>4</sup> Latour understands that these active subjects should not be understood only as actors, but as actants, referring to the human and non-human realms that act in a given situation.

# **1. The rules of the game, regulations and legislation of the sector**

In Bolivia, the regulatory, institutional and sectoral framework is built on the basis of mandatory international and national provisions. It sets forth the rules of the game that each institution and others involved must comply with, since there is not a single public activity that works without a precise explicit or implicit institutional framework. This determines the habits of thinking and behavior of people (Aguilera, 2012).

At the international level, on 28 July 2010 the United Nations General Assembly issued Resolution A/RES/64/292, to declare the access to safe drinking water and sanitation as a human right. On 30 September of the same year, the UN Human Rights Council issued a resolution which, instead of issuing a declaration, recognizes both rights and urges countries to take steps to ensure fulfillment. The Human Right to Drinking Water and Sanitation (HRDWS) is associated with the rights to an adequate standard of living, health, life and human dignity, all recognized in the UN International Covenant on Economic, Social and Cultural Rights. Under international law, States<sup>5</sup> have an obligation to respect, protect and fulfil these rights.

On January 1st 2016, the Sustainable Development Goals, promoted by the United Nations and as a continuity of the Millennium Development Goals, entered into force.<sup>6</sup> Goal 6 sets the obligation to ensure the availability and sustainable management of water and sanitation for all: "By 2030, achieve universal and equitable access to safe and affordable drinking water for all" (United Nations, 2016).

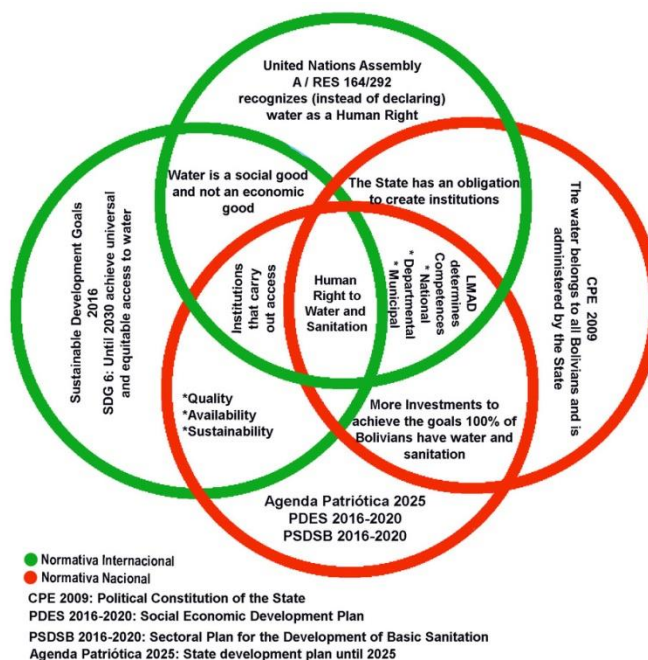
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<sup>5</sup> States that are part of the United Nations and that supported the declaration of water and sanitation as a human right have a responsibility to develop all appropriate and comprehensive instruments and mechanisms needed for realizing the obligations regarding the human right of access to safe drinking water and sanitation and may include legislation, plans and strategies. In the institutional sphere, General Comment No. 15, section (c) Obligations to fulfill, paragraph 28, point (i) refers to "establishing competent institutions and appropriate institutional arrangements to carry out the strategies and programmes" for the realization of the human right to water (UN Committee on Economic, Social and Cultural Rights, 2002: 11).

<sup>6</sup> The Millennium Development Goals, also known as the Millennium Goals (MDGs), are eight human development goals set in 2000, which the 189 member countries of the United Nations agreed to achieve by 2015.

### Graph 1: Legal framework of the sector

Source: own development based on international and national provisions for the drinking water and sanitation sector



In Bolivia, the Constitution has characterized the ownership of water with greater specificity. This resource now belongs to all Bolivians, is administered by the State and cannot be granted or awarded under concessions to private individuals.<sup>7</sup> The Constitution includes a number of articles in this regard that are directly normative and others that are subject to specific laws.<sup>8</sup> In this regard, in 2015 the Central State raised the “Patriotic Agenda 2025” to the rank of law; it contains 13 pillars, of which two and nine relate to drinking water and basic sanitation. On 10 March 2016, through Law No. 786, the Legislative Assembly of the State approved the Economic and Social Development Plan 2016–2020,<sup>9</sup> paragraph 2.1 “Water, Sewerage and Basic Sanitation” of which sets the target that 100% of the Bolivian people will have water and sewer services.<sup>10</sup>

<sup>7</sup> The 1967 Constitution provided that water was the domain of the State and could be subject to concessions and awards to private individuals.

<sup>8</sup> Articles 16, 20, 373 and 374 of the Bolivian Constitution are essential precepts that mark the obligations and responsibilities of State entities at their different levels of government and also of citizens. The entity in charge of exercising supervision and making policies for the proper exercise and implementation of these precepts is the Ministry of Environment and Water, which, using current regulations and framework laws, must exercise the responsibility attributed to the central level of government.

<sup>9</sup> It is reflected in the General Development Plan set forth in article 316, paragraph 9, of the Constitution.

<sup>10</sup> In order to achieve these goals, the plan proposes to expand drinking water services in urban and rural areas concurrently, with participation, adequate technology and shared responsibility of the community in use and maintenance.

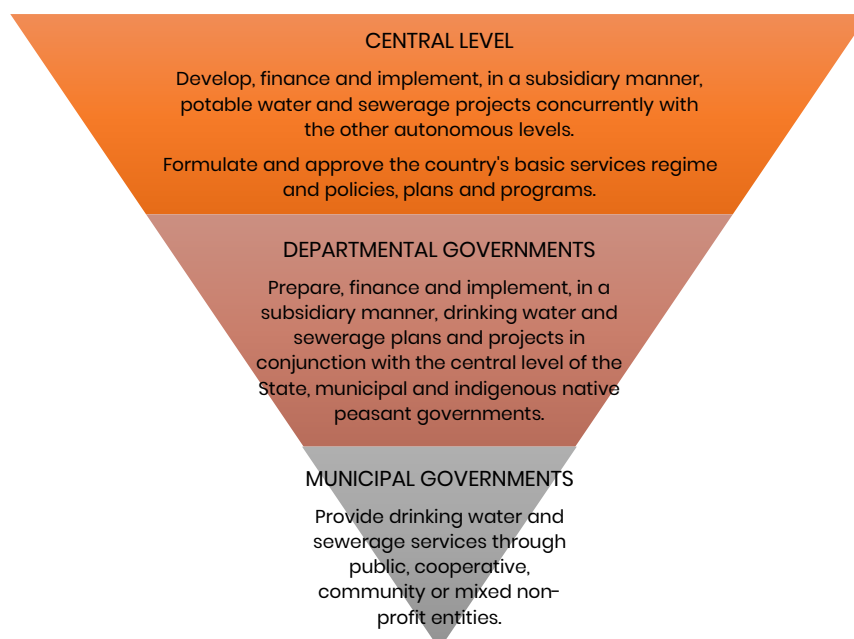


Specifically, the Ministry of Environment and Water, as the head of the sector, drew up the Sectoral Plan for the Development of Basic Sanitation (2016–2020), which aims to improve and expand drinking water and sanitation services, covering the needs of the Bolivian population to realize the human right of access to the drinking water and sanitation services within the framework of the National Social and Economic Development Plan 2016–2020 and the 2025 Patriotic Agenda.<sup>11</sup>

This legal and regulatory framework at the international and national levels aims to fulfil the human right to water and sanitation, emphasizing the expansion of services to guarantee access to 100% of the population. However, in order to implement the necessary actions for this purpose, the Constitution states that Bolivia is a decentralized country with autonomies, and is organized at the level of powers and competences through the “Andrés Ibáñez” Framework Law No. 031 on Autonomies and Decentralization which lays down the transfer and delegation of competences in various fields. With regard to water, two types of competences are exercised, exclusive and concurrent ones, which imply that both the central level of the State and the Autonomous Territorial Entities legislate (in some cases) and regulate or execute (in others), or that some government body exercises all the functions as a whole (legislate, regulate or manage), as explained in the following graph:

**Graph 2: Competences of different levels of government in water and sanitation**

Source: own elaboration

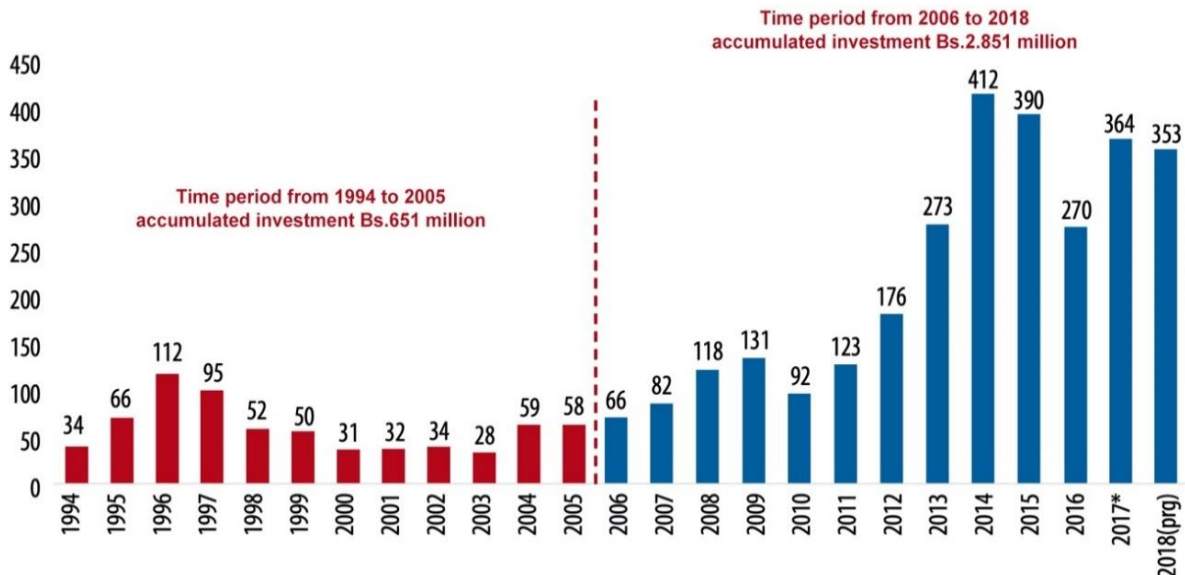


This legal and institutional framework goes in hand with a political mandate from the central State to significantly increase sectoral public investment. According to the Ministry of Environment and Water (2018), BOB 651 million were invested in water and sanitation for the department of La Paz between 1994 and 2005; on the other hand, BOB 2,851 million were invested between 2006 and 2018.

<sup>11</sup> General Plan for Economic and Social Development of the Plurinational State of Bolivia until 2025.

**Graph 3: Investments in water and sanitation  
for the department of La Paz 1994–2018 (expressed in BOB million)**

Source: offprint Cuidemos el Agua No. 15, MMAyA, 2018



To execute this investment, the central government implemented several programs regarding the expansion, access and sustainability of the services.<sup>12</sup> However, in 2016, with the water supply crisis affecting the southern part of the city of La Paz, the functioning of the sector's institutions, especially those under the central government, was called into question, particularly in terms of inter-institutional coordination with the municipal level.

This whole legal/regulatory framework gives a clear idea of the rules of the game, that is, the governance principles (Montoya and Rojas, 2016) which the institutions of the sector must comply with. They set the limits and scope of action, the mechanisms of relationship and interaction and, above all, the competences, whereby the political mandate of the central State is the point of reference. These laws and regulations are basically the backbone of the sector's institutional structure and directly affect the development of management of the resource and of the relationship networks that involve the governance of water as a service (Ruiz and Geor, 2008).

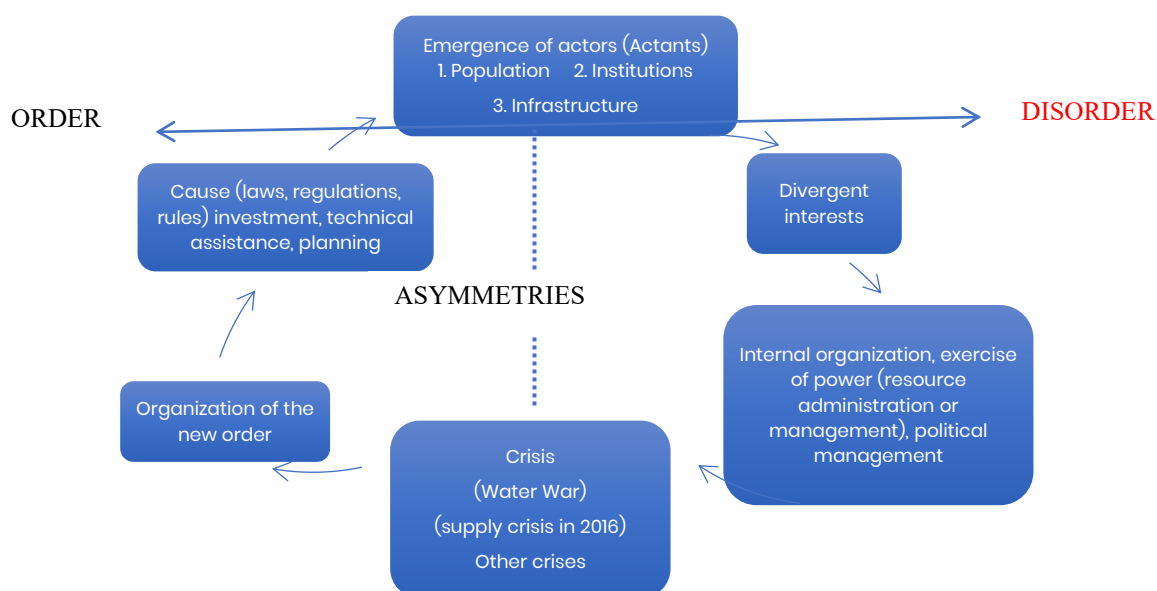
<sup>12</sup> Among the most important ones are the programs entitled *Mi Agua (Más Inversión para el agua)*, phases I to V, and the water and irrigation program *Programa de Agua y Riego para Bolivia (PROAR)*.

## 2. Crisis in institutionality of the sector

The sectoral institutionality underwent significant changes and transformations as a result of crises in specific contexts that led to the emergence of new laws, specific regulations and specific institutional actions. This situation had the effect – “looping back to the cause” (Morin, 1999) – of the emergence of relevant political and social actors who, through the management of organizational and power arrangements, conditioned the change of the legal framework. These crises generated new mechanisms of relationship and communication among the actors, with roles and responsibilities that, whether regulated or not, built new levels of intervention and governance.<sup>13</sup> At the same time, sectoral policies were set out to improve the service, promoting greater equity and access. However, these policies gave rise to asymmetric relationships resulting from divergent interests that led to potential supply crises.

**Graph 4: Generating the crisis**

Source: own elaboration based on Morin's paradigm of complexity



The analysis of the moments of crisis in the sector during the last two decades gives an idea, at least by way of reference, of how asymmetries emerge in the governance structure of the water sector in Bolivia and the way in which a new institutionality is built, bringing about a transformation in the political, legal and economic spheres, and encouraging new patterns of conduct on the part of public institutions and other actors.

<sup>13</sup> Interventions that can range from public investment for expansion of the services to demands for the prioritization of services by the population.

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## From concessions to licenses and registrations

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In July 1997,<sup>14</sup> the concession contract to provide drinking water and sewerage services to the cities of La Paz and El Alto was awarded to the consortium Aguas del Illimani S.A., mainly made up of French capital (Lyonnaise des Eaux), for a period of 30 years (ECLAC, 2000). This process was led by the Ministry of Capitalization, without any participation of the Municipal Autonomous Water and Sewerage Service (SAMAPA)<sup>15</sup> or the municipalities.

One of the conflicts and beginnings of the institutional crisis was generated due to non-compliance of the coverage targets set out in the contract.<sup>16</sup> They referred only to the area of provision of the service granted under concession, but the area differed from the administrative territory of La Paz and El Alto and, therefore, from the actual scope of the direct beneficiary population. The available data indicate<sup>17</sup> that in 2001 there was an increase in water coverage reaching 92% and in sewage coverage reaching 81% (figures below the targets set). In the city of El Alto, the targets would have been exceeded by several percentage points; by 2001, coverage in the concession area reached 99% in water and 79% in sewerage (IDB, 2007). However, the measurement by the Federation of Neighborhood Councils (FEJUVE) took another approach; they claimed that only 53,000 water connections out of the 72,000 planned were built. These events, combined with the population growth, meant that, by 2005, approximately 200,000 people did not have water services in the city of El Alto. The deficient expansion of services led to the emergence of protest measures against the company, which led to an agreement for the second period of 15 years but which was not met.

The question of tariffs also contributed to the crisis. There were three important moments: before the concession in 1996, when tariffs increased between 21% and 57%, depending on the category; during the contract award itself, when they increased by 19%, and a third time divided into several sub-moments took place between 1997 and 2005, when the tariff increased by up to 35% (IDB, 2007).<sup>18</sup>

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<sup>14</sup> In order to have a body responsible for drafting policies, regulations and strategic planning of the sector to reduce poverty through increased drinking water coverage, the Vice-Ministry of Basic Sanitation was established in 1997 under the Ministry of Housing and Basic Services.

<sup>15</sup> According to the Bolivian Forum on Environment and Development, international donor institutions and external financiers found that the State was inefficient in management of the service, due to "institutional and financial weakness of the service providers, political interference, strong unions interfering in decision-making and actions and especially unsustainable water tariffs that did not cover service costs to ensure sustainability, hence the need for investments and the potential for private management" (2005: 1-2). They referred to the EPSA; therefore, and taking into account the need to reach the planned coverage targets (84% in water and 64% in sanitation), the privatization policy was implemented in the water and sanitation sector, promoting private sector participation in the management and financing of services.

<sup>16</sup> The concession contract set concrete targets for growth and coverage over several years. The targets indicated that 100% coverage would be achieved in the Achachicala, Pampahasi and El Alto areas by 2000.

<sup>17</sup> Data obtained from the study *Salida de operadores privados internacionales de agua en América Latina* of the Inter-American Development Bank, prepared in 2007.

<sup>18</sup> Although there was a considerable increase, the fees charged by Aguas del Illimani S.A. were lower compared to other cities in Bolivia (IDB, 2007: 112).

The low increase in coverage, the failure to meet targets, the gradual increase in tariffs and the lack of participation of the municipal government, the population and the EPSA itself, in addition to the lack of transparency in the award process (IDB, 2007) —which did not involve institutions that should be involved in decision-making—, triggered a social and political crisis at the departmental level. Although the main actors were in the city of El Alto, the crisis directly affected the city of La Paz as well.

**Graph 5: Crisis triggers**

Source: own elaboration



In November 2004, a series of protests began, led by the Federation of Neighborhood Councils of El Alto, demanding the expansion of the service area of Aguas del Illimani, the reduction of connection fees and elimination of the dollar indexation of the tariff. Although in January 2005 the regulator reduced the connection fees, the social movements were reinforced by national and international actors and called for the operator to be expelled<sup>19</sup> (IDB, 2007). Accordingly, President Carlos Mesa issued Supreme Decree No. 27973 of 12 January 2005, instructing the Superintendency of Basic Sanitation to terminate the contract. However, the departure of Aguas del Illimani only materialized in January 2007, already under the administration of current President Evo Morales, through the acquisition of all shares by the national government at a price of USD 5.5 million (IDB, 2007).

The institutional crisis of Aguas del Illimani and the series of resulting social events highlighted the political errors made by the State and its frustrated attempt to homogenize and order social reality through coercion and imposition of a centralized model of sectoral development divorced from the context and with little or no civil society participation and engagement. The trend of privatizing services met with massive resistance from union leaders and social movements, creating a logic of struggle for the legitimization of power.

The implementation of centralized economic policies, which were at the same time external policies, such as privatization, and the absence of a specific sectoral framework and direct coordination with political actors, became the articulating axis of social groups with opposite ideologies. These groups had a nationalist political discourse regarding resources and a technical stance concerning the use of the liquid resource that led to a far-reaching social conflict. The conflict led to a new social and institutional order, a new political hegemony and a new way of seeing the use of and access to basic services.

The institutional crisis in Aguas del Illimani gave visibility to the policy of exclusion of key actors in water management and the deficient interdependence between them. The process of privatization of the service led to a dispute between the public and private representative institutions, reducing the possibility of jointly building a governance system

<sup>19</sup> Undoubtedly, this period of crisis was produced in an anti-privatization scenario and context, in which the Water War in Cochabamba in 2000 proved to be a decisive reference for social movements, especially in the municipality of El Alto, to be politicized and stir up strong protests.

suitable for a social context marked by inequality and inequity regarding access to drinking water. As a result, there was a need for restructuring the institutional and legal framework for managing services. The Water War showed the politically strategic nature of water as a resource and service, and the relationship of forces between the state, its institutions and the population in general.

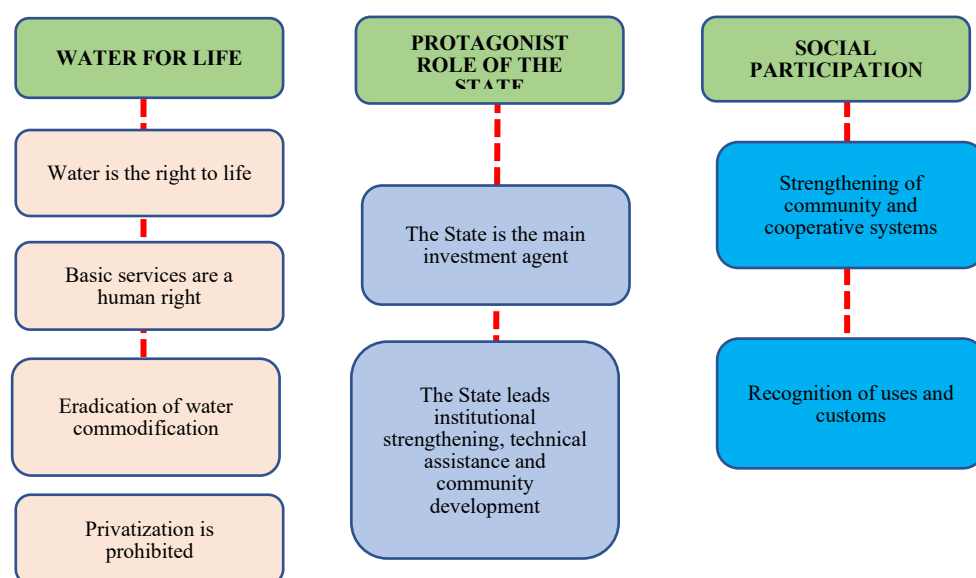
### 3. The new approach: More institutionality, less institutional management

Until 2005, after the completion of the privatization of resources and services, structural problems remained in the institutionality of the water and sanitation sector. Among them were the low water and sanitation coverage in rural areas, the inadequacy and inefficiency of investments, technical difficulties, institutional weaknesses in project planning and implementation, and an incomplete institutional framework inconsistent with the country's political change (MMAyA, 2010). These aspects generated and maintained inequities in the access to water and sanitation services, particularly by the poor<sup>20</sup> and indigenous native peoples.

The central government decided to invest USD 528 million in water, sanitation and solid waste management. Of this amount, USD 470.5 million would be invested in drinking water, wastewater treatment and sectoral reorganization measures between 2006 and 2010, with an annual average of USD 94.1 million (Orellana in Poupeau, 2010). In 2008, the Ministry of Water designed the National Basic Sanitation Plan 2008–2015 as a sectoral component of the National Development Plan, aiming to rebuild the institutionality of the sector with a non-commodified approach, focusing on investment, sustainability, regulation of the provision of services and social participation. The plan was based on three basic pillars, which are detailed in the following graph:

**Graph 6: Pillars of the National Basic Sanitation Plan 2008–2015**

Source: National Basic Sanitation Plan 2008–2015 (MMAyA, 2010)



<sup>20</sup> According to the National Basic Sanitation Plan (2008–2015), by 2007 more than 2.5 million people had no access to drinking water and more than 5.3 million had no access to sanitation in the country.

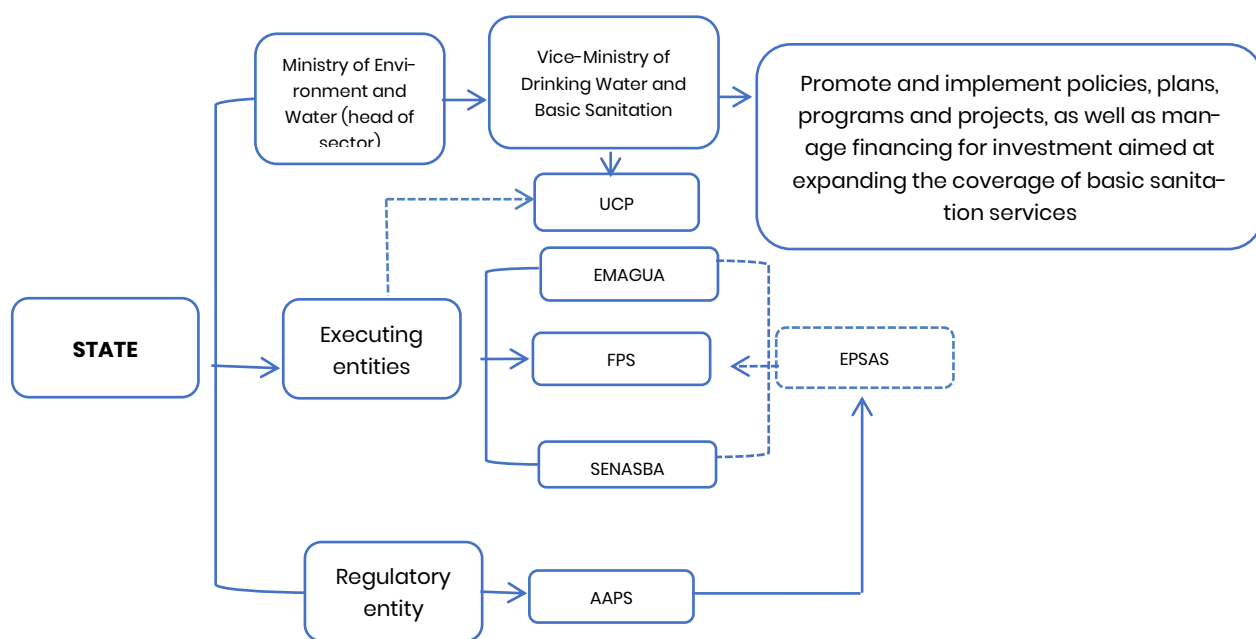
In order to achieve its objectives, the plan set out specific institutional goals:

- Strengthen the normative and institutional capacities of the Ministry of Environment and Water and the Vice-Ministry of Drinking Water and Basic Sanitation.
- Implement the sectoral financing policy.
- Consolidate and strengthen the Authority for the Oversight and Social Control of Drinking Water and Sanitation (AAPS) with a new decentralized regulatory approach and social participation.
- Consolidate and strengthen the National Service for the Sustainability of Services (SENASBA).
- Consolidate and strengthen the Implementing Entity for Environment and Water (EMAGUA).

The new approach strengthened sectoral institutionality with new entities; its areas of action prioritized, mainly, operators in rural areas through institutional strengthening and technical assistance. An institutional structure specialized in drinking water and basic sanitation was established, with specific competences focused on increasing coverage, the sustainability of services, building an efficient sectoral financing instrument, institutional strengthening of the sector and the cross-sectoral approach (MMAyA, 2010).

**Graph 7: Structure of the new institutionality of the sector**

Source: own elaboration

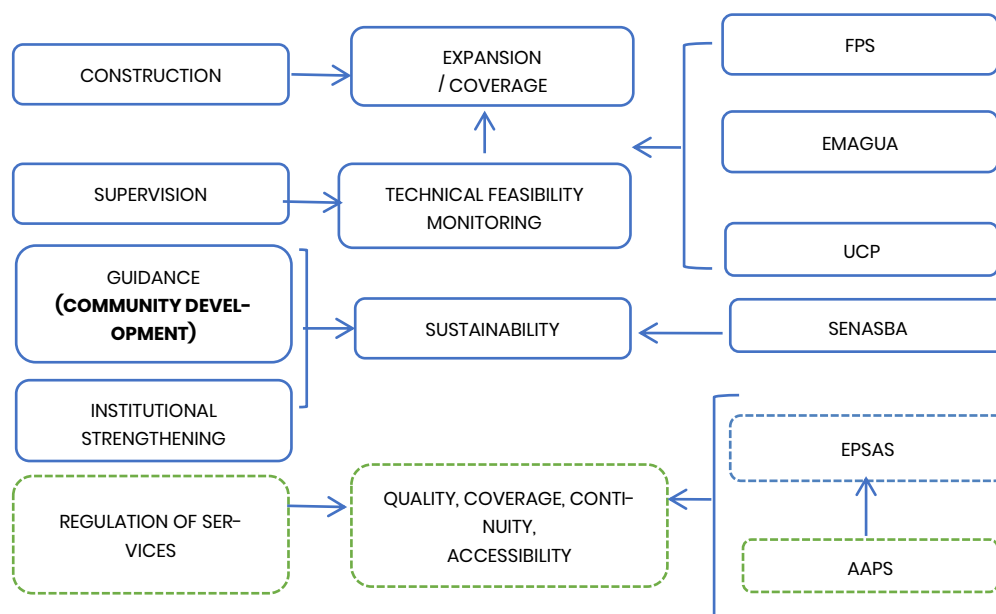




The plan focused on three entities responsible for consolidating the new sectoral institutionalization: The National Service for the Sustainability of Services (SENASBA), the Authority for the Oversight and Social Control of Drinking Water and Basic Sanitation (AAPS) and the Implementing Entity for Environment and Water (EMAGUA)<sup>21</sup>. In addition, other entities had similar frameworks for action, such as the National Fund for Productive and Social Investment (FPS) and the Program Coordinating Units (UCP).

**Graph 8: Competences of the entities of the MMAyA**

Source: own elaboration



The formal institutionalization involved solving the shortfalls in drinking water and sanitation coverage and speeding up investments. However, a political decision transferred the responsibility for the execution of works, goods, general services and consultancy services to the National Fund for Regional Development (FNDR) and the National Fund for Productive and Social Investment (FPS), which operated under commercial financing criteria more than under social criteria. They charged administration costs of up to 8% on the percentage of credits or grants, increasing the costs of the credits or grants. The water and sanitation sector provided financial or funding solutions to social problems, rather than providing policies with financial mechanisms to solve social problems (Orellana in Poupeau, 2010).

Although this institutional structure was set up, there was no political decision to enforce it; perhaps due to its lack of experience in public investment, the potential it had as specific institutionalization was set aside. Between 2008 and 2009, EMAGUA and SENASBA executed only 10 to 13 million bolivianos per year in water and sanitation investments,<sup>22</sup> which meant a representative reduction in the functioning of specialized institutions and, therefore, a reduction in progress towards universal access to water.

<sup>21</sup> An autonomous state entity created in 2009 to execute, follow up, and assess the W&S programs and projects of the MMAyA.

<sup>22</sup> See the institutional report of the Environmental and Water Implementing Entity 2013 and the institutional report of the Service for the Sustainability of Services 2008–2012.

The lack of institutional and technical management aligned to the context was an asymmetry in the governance structure, undoubtedly the result of a lack of political and institutional will on the part of the central State. The latter showed that, when implementing public investment projects, power relations are still present in a centralist state with anti-privatizing tendencies. The effectiveness of the sectoral institutional policy was delayed until 2012 in order to give greater responsibility to the entities in the sector.<sup>23</sup>

This stage of institution-building in the sector was a transition between the privatization of services through concessions and the fundamental human right characterized by licenses and registers for service operators. The public investment executed through the Mi Agua programs, which were implemented in five stages, and others aimed at achieving the targets set in the 2025 Patriotic Agenda, was not put aside. In fact, this stage was characterized by more institutionality, but less institutional management.

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<sup>23</sup> EMAGUA's investment executed in drinking water and sanitation increased from BOB 7 million in 2009 to BOB 170 million in 2013.

## 4. From the environmental crisis to the political crisis, from the economic cost to the political cost

In the city of La Paz in November 2016, the so-called “water crisis” broke out: a water shortage due to which the water supply was cut in 94 neighborhoods on the eastern slope and in the southern macro-district.<sup>24</sup> For more than a month, social and political mobilizations led to the implementation of emergency measures, initially taken by the municipality and the operator and, subsequently, by the central government.<sup>25</sup> Even so, the majority of the population had to face continuous 60-hour cuts, interspersed with 12 hours of supply.<sup>26</sup>

The three most important causes of the crisis are global warming, deficient technical criteria and a predominantly political vision in resource management at the local level. While the shortage may have been caused by the first cause, the other two causes point to governance problems. Just like in the 1990s, water became a powerful device generating social control and tensions between different public actors. In the midst of the conflict of interests between centralism and local autonomy, management of the service became a latent and constant political issue, and no longer merely a transitory one.

Although this crisis could have been caused by the delay in the rainy season, the poor use of the resource by the population, the untimely contingency plans or the lack of such plans, the most powerful reasons lie in the absence of associativity between the levels of government, the lack of intergovernmental coordination, political rather than technical management practices, and inconsistency between the regulatory framework setting competences and the actions developed by all actors. This panorama mirrors the asymmetries that reduce the possibility of proper governance of the service and resources.

Prior to the crisis, the central government had encountered difficulties in expanding the infrastructure needed to guarantee drinking water services,<sup>27</sup> primarily because of the political rivalry between the municipal governments of La Paz and El Alto with the central government and the operator EPSAS. This rivalry was accentuated by the direct designation by the AAPS (and the MMAYA) of a controller with full, administrative and control authority over the service provider.<sup>28</sup> This situation made adequate inter-institutional coordination between the municipal government, the departmental government, the Ministry of Environment and Water and the Public Water and Sanitation Company impossible, despite

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<sup>24</sup> The reason was the dropped level of all reservoirs feeding the Pampahasi water purification plant, which distributes water to more than 256 thousand inhabitants (*Página Siete*, 19 December 2016).

<sup>25</sup> See *La crise de l'eau à La Paz. De la crise environnementale à la crise technique et politique*, Claude Le Gouill, 2017.

<sup>26</sup> This shortage even led to the President of the State publicly apologizing and changing the authorities of the AAPS and EPSAS.

<sup>27</sup> Press releases from the Ministry of Environment and Water indicated that there was inefficiency in municipal management due to the non-provision of the municipal matching contribution for construction of the ChuquiagUILlo treatment plant (see <http://www.epsas.com.bo/epsas/pdf/semanario/s.pdf>).

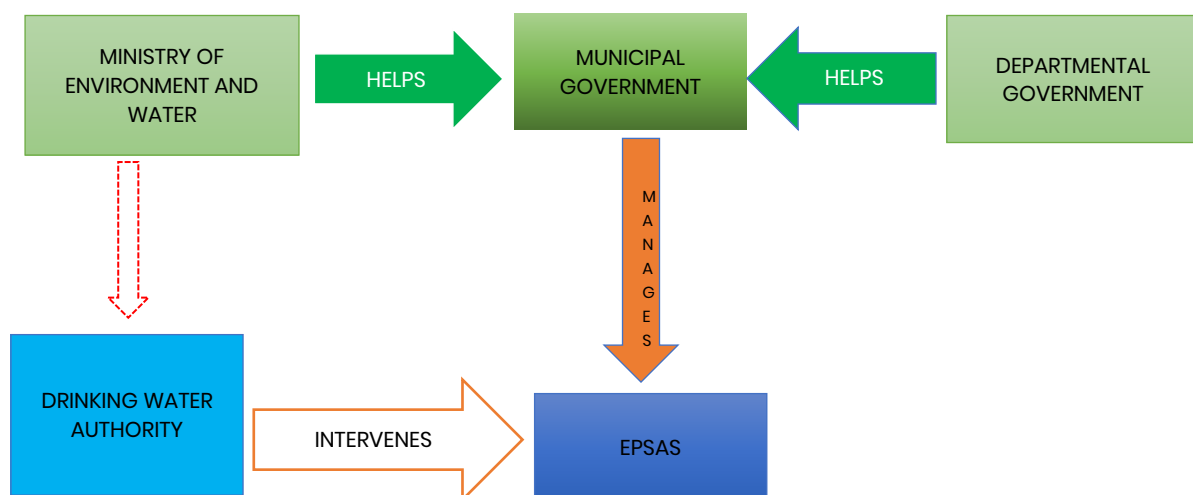
<sup>28</sup> The appointment of a controller appointed by AAPS overrides the board and changes the administration, leadership and control of EPSAS from the hands of the municipal autonomous governments to a legal representative with powers to make key decisions in administration of the resource (Fischer et al., 2017).

the provisions contained in the legal and regulatory framework.<sup>29</sup> The conflicts between these institutions were made public in the press.<sup>30</sup> This situation reveals the lack of communication between the institutions (Le Gouill, 2017).

Although MMAyA does not directly oversee the controller, the direct relationship of the head of the sector with the AAPS, and of the latter with the controller, creates the impression that EPSAS is directly dependent on the Ministry, that is, in terms of its technical, administrative or political powers and in the decision-making regarding the provision of the service (which would be detrimental to the competence of the municipality and its ability to act and carry out any action in the sector). Even the EPSAS controller stated that it was not possible to manage the resource without the participation of the (central) State.<sup>31</sup>

**Graph 9: The intervention of EPSAS and the inter-institutional relations of the sector**

Source: own elaboration



<sup>29</sup> In an interview conducted by newspaper Los Tiempos with the then Minister of Environment and Water, Alexandra Moreira, she stated verbatim that "The departmental government of La Paz did not appear at all in this crisis, not a single phone call, there has been no interest on the part of the departmental government" (*Los Tiempos*, 4 December 2016).

<sup>30</sup> See press release entitled "En plena crisis del agua se agudiza la pelea entre el gobierno y la alcaldía de La Paz" published on 2 December 2016 in digital medium Urgente.bo, <https://www.urgentebo.com/noticia/en-plena-crisis-del-agua-se-agudiza-la-pelea-entre-el-gobierno-y-alcald%C3%ADa-de-la-paz>

<sup>31</sup> In an interview conducted by digital newspaper Urgente.bo, EPSAS controller Marcel Claude said: "Based on everyday and technical experience, the conclusion is that the only one who can successfully deal with the negotiations, public consultations, compensation program and long-term investments, is the government, the State. That is overly clear. You cannot manage water resources in the mountains without state involvement. During the water crisis, the authorities from the communities accepted the projects because someone with a first and last name, i.e. President Evo Morales, intervened as the head of state. The current tariff levels can only be maintained if the state subsidy is maintained. For example, in the case of the ChuquiagUILlo water treatment plant we pay 25%; 75% was financed by the State. Water cannot be managed without State participation." (Urgente.bo, 31 July 2018)

<https://www.urgentebo.com/noticia/marcel-claude-no-se-puede-gestionar-el-agua-sin-el-estado>

The crisis was also due to the lack of technical human resources on the part of institutional actors, as a result of the high turnover of staff and the non-existent job stability characterizing the State.<sup>32</sup> Key institutions such as EPSAS or AAPS, at the national level, suffer from a lack of professional technical personnel trained to work with management models and adequately interpret data (Fischer, Olmos and Salinas, 2017). On the other hand, the Government decided to appoint authorities with a political rather than a technical approach, which led to the transformation of these entities into political spoils. After that, the population condemned the “politicization” of the issue of water (Le Gouill, 2017). In the administration of institutions such as EPSAS or AAPS the political criterion was also imposed above and beyond the technical one; one example of this was the dismissal of the EPSAS manager in El Alto because of “a lack of technical capacity”.<sup>33</sup>

Despite the legal and competence framework that defines the scope of actions at the levels of government, the impossibility of institutional coordination at the municipal, departmental and national levels worsened the situation of water shortages; in addition, it created difficulties for timely decision-making due to the absence or inadequate management of information protocols and decision-making regarding this resource depending on the severity of the event (Fischer et al., 2017).<sup>34</sup>

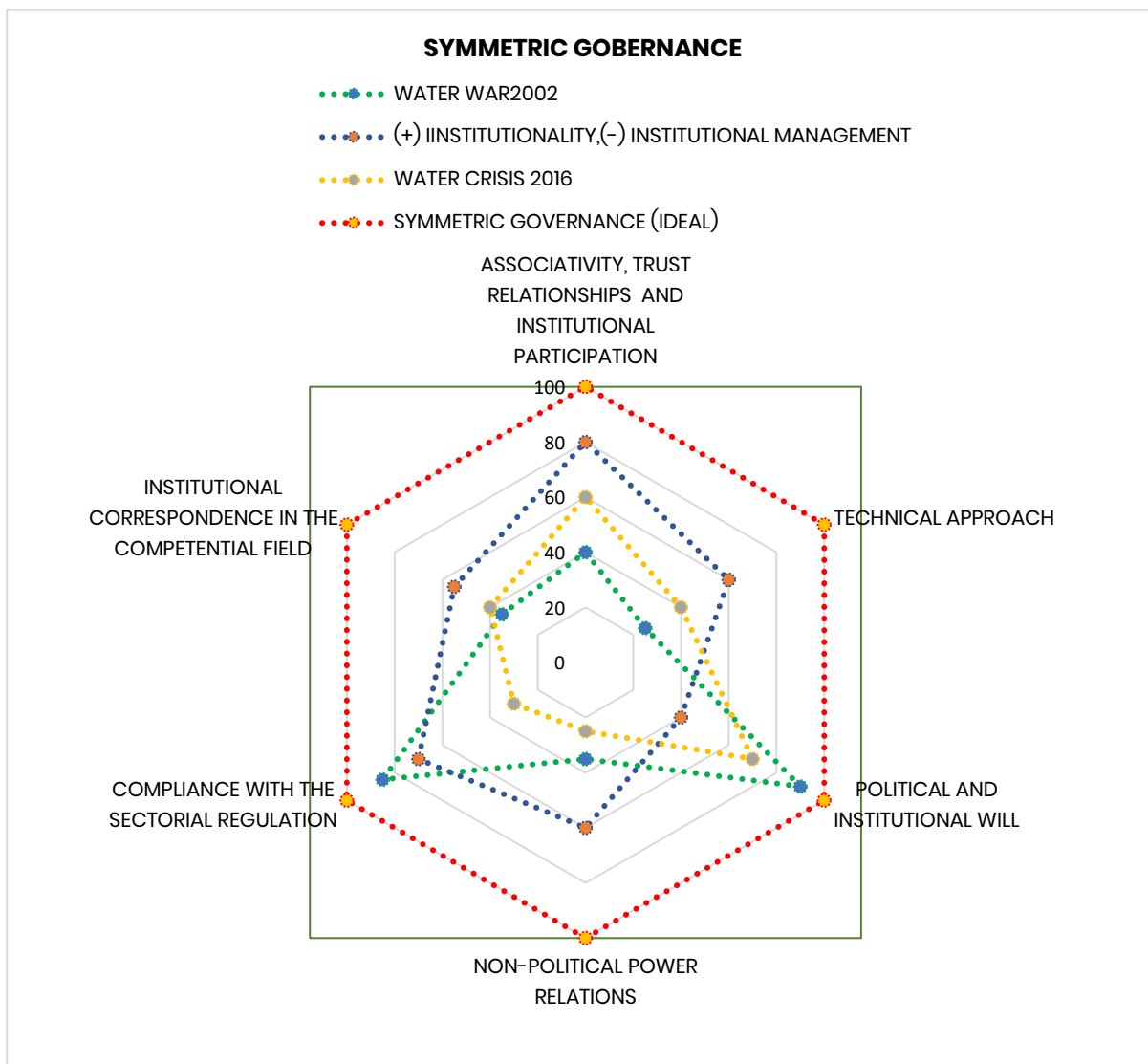
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<sup>32</sup> From 2011 to date, the Authority for the Oversight and Social Control of Drinking Water has changed its highest executive authority six times.

<sup>33</sup> See also press releases in newspapers *La Razón* 22 November 2016 ([http://www.la-razon.com/ciudades/Vecinos-Sur-Epsas-destituye-ElAlto-agua\\_0\\_2605539501.html](http://www.la-razon.com/ciudades/Vecinos-Sur-Epsas-destituye-ElAlto-agua_0_2605539501.html)) and *Correo del Sur*, 31 November 2016 ([https://correodelsur.com/sociedad/20161123\\_destituyen-al-gerente-regional-de-epsas-por-su-falta-de-capacidad-tecnica.html](https://correodelsur.com/sociedad/20161123_destituyen-al-gerente-regional-de-epsas-por-su-falta-de-capacidad-tecnica.html)). Both on the dismissal of the EPSAS Manager in El Alto due to “a lack of technical capacity”. See also the press release of the digital medium eju.tv entitled “Revilla: Es irracional rechazar las cisternas que la gente necesita” dated 03 December 2016, in which the mayor -Luis Revilla- literally says that “EPSAS is a political spoil of the MAS” <http://eju.tv/2016/12/alcalde-revilla-epsas-es-un-botin-politico-del-mas/>

<sup>34</sup> Reports of the level of the EPSAS reservoirs sent to the AAPS in 2016 showed lower than normal levels since April. In addition, the AAPS’ requests for information on the levels of water stored in the reservoirs point to concerns about an unfavorable situation regarding the water supply at that time; however, no decisions and appropriate actions were taken until November 2016 (Fischer et al., 2017).

**Graph 10: (Symmetrical) governance and institutional crises**  
Source: own elaboration



These tensions led to the central government feeling the need to reconsider its water policy by launching infrastructure projects focusing on the municipalities of La Paz and El Alto. The government also sought to establish awareness-raising mechanisms regarding water scarcity, trying to mark a turning point for the country increasingly exposed to climate shocks.

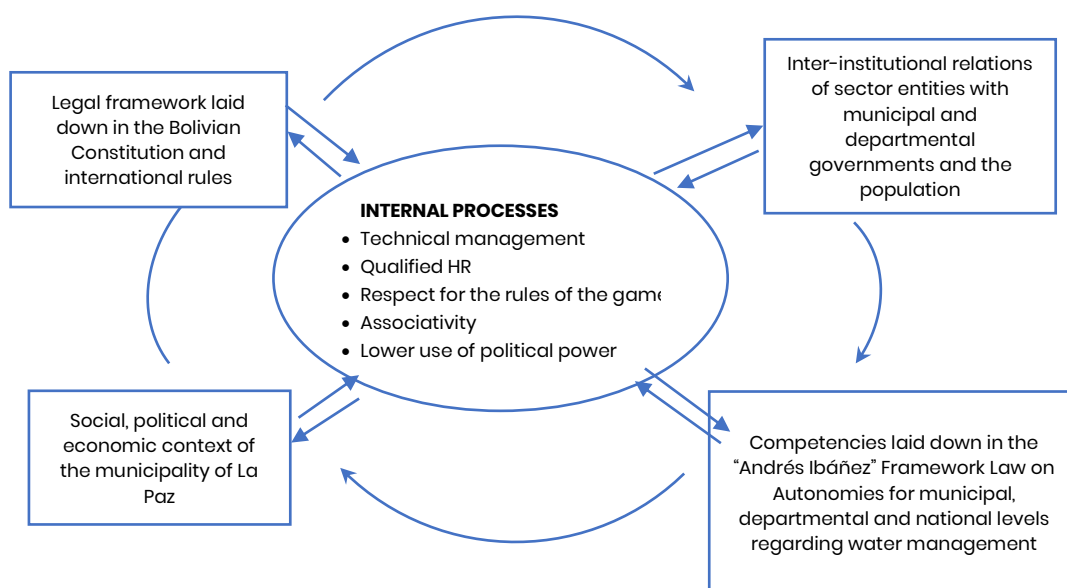
## Conclusion: When governance fails

The institutionality of the drinking water sector, like any other sector, develops in the midst of constant crisis situations and conflicts in the form of asymmetries that give rise to scenarios of disorder; at the same time, processes of organization and subsequent order are generated. In view of the complexity of the water supply service and its potential nature as a power device, the sector's institutionality demands greater symmetry in the tensions between the enforcement of laws and regulations, the political will, the processes of associativity between the actors and the balance between the public power, society and the institutions making it up. This is pursued with symmetric governance appropriate to a complex context such as the Bolivian one.

Institutional crises and conflicts occur when the asymmetries are present at two different levels, one external level that concerns the legal framework that determines the functionality and competence of an institution, and one internal level, determined by the actions of the people who are part of the institutions and by the associativity as a result of their actions. Asymmetry arises when both levels, instead of building complementary synergies, act autonomously. The regulations (laws) and the actions of individuals within the institutions must be related to each other in the form of a network. If the different political, social, technical and legal elements and processes act separately, this “entails an incomplete perspective to understand the nature of institutionality. They are heterogeneous networks of animate and inanimate elements in an environment characterized by the indifference between the social and the technical spheres. Technical and social processes influence each other and are built simultaneously” (Latour, 2005).

**Graph 11: External and internal processes  
where asymmetry is generated**

Source: own elaboration



If there is a specific framework of competence and clear rules of the game, compliance should be sufficient for the prevention of conflicts and risks such as those arising in the water crises. Ostrom underscores the importance of the interconnection of the different levels of laws and regulations, especially operational rules, with collective election agreements, with the highest level of constitutional rules (Botton, Hardy and Poupeau, 2016: 3). These rules, with regard to basic services, are laid down in the Bolivian Constitution and the “Andrés Bóñez” Framework Law on Autonomies and Decentralization. Governance, in the first instance, fails when these rules of the game are not obeyed for organization and management of the resource.

However, compliance of the laws and regulations is not the only important element for achieving symmetrical governance; associativity is also crucial. Interdependence and levels of participation should be adequate according to the competences laid down in the law, with a high degree of mutual trust between actors. This is not possible when there are power relations that politicize proper management of the service. Governance fails, in the second instance, when political power prevails over technical and legal criteria. The associativity and the degree of inter-institutional trust, the reduction of political criteria over technical criteria supported through power relations, respect for laws, regulations and the rules of the game, and compliance with the assigned competences can build a symmetrical and rational governance that ensures a more sustainable management—in technical, social and environmental terms— through collective action processes that promote a concerted dialogue and institutional decision-making for the benefit of the population.



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