

CHILE'S EXPERIENCES ON WATER REFORM.

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(Chile)*

LEGAL AND INSTITUTIONAL CHANGES IN THE WATER SECTOR

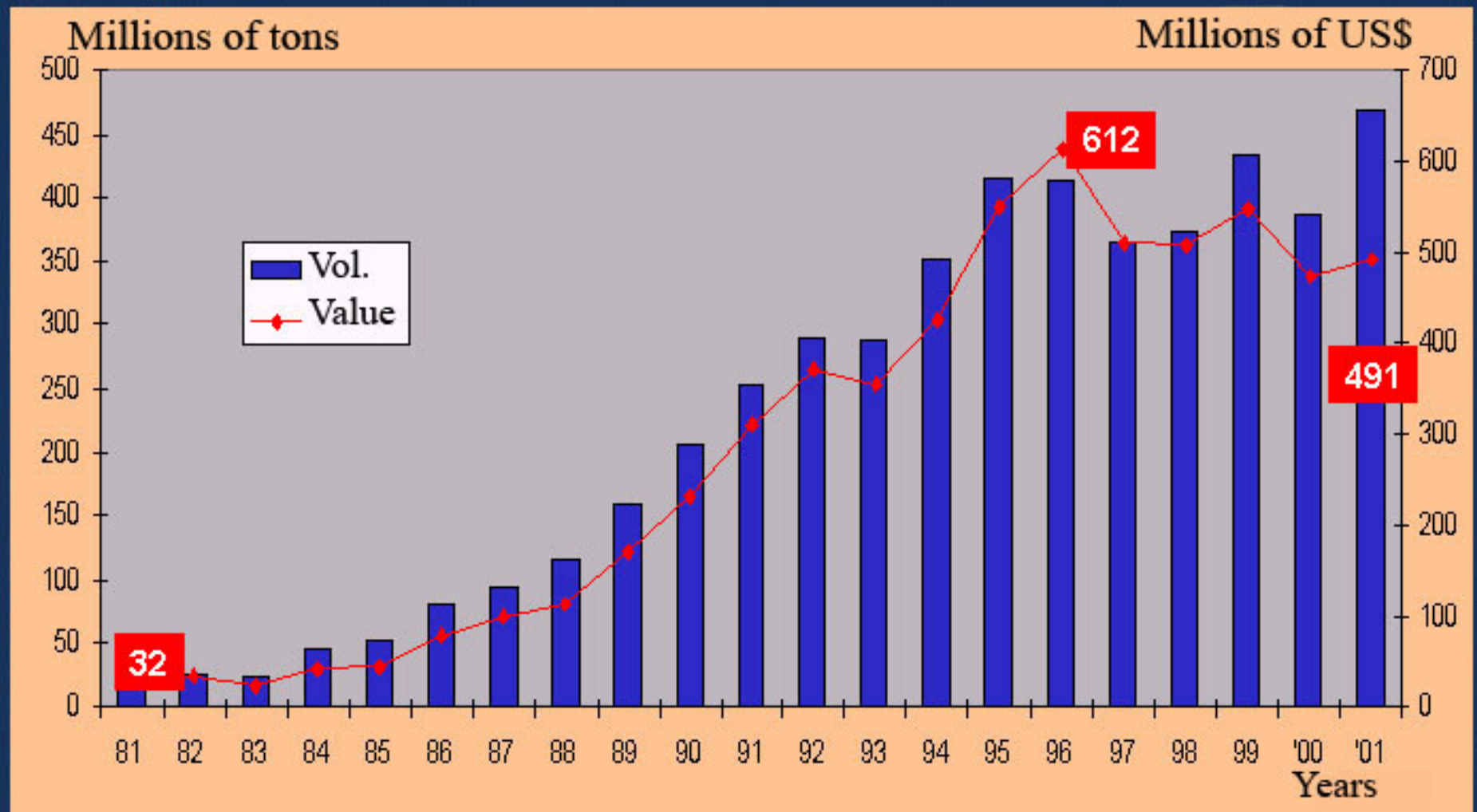
Social Area	Productive and Service	Environmental Area
<p>1989 Specific subsidies for Drinking Water</p> <p>1993 Native Peoples Law</p> <p>1994 Promotion of Irrigation for small farmers</p> <p>1998 Strengthening the rights of drinking water and sanitation system users</p> <p>1999 Strengthening the rights of electricity consumers</p> <p>2003 Consumer Protection Law</p>	<p>1977 Formation of SENDOS</p> <p>1981 Water Law</p> <p>1981 Law No.1,123 governing the building of large irrigation works</p> <p>1985 Electricity privatisation</p> <p>1988 Water Supply and Sanitation Tariff Law</p> <p>1990 Formation of the SISS</p> <p>1994 Law on Concessions</p> <p>1998 Strengthening regulation and authorisation for the privatisation of water supply and sanitation companies</p> <p>1999 Strengthening of the regulation of the electricity sector</p> <p>2003 Sports Fishing Bill</p>	<p>1993 Protection of wetlands</p> <p>1994 Basic Environment Law and creation of the System for Evaluation of Environmental Impact</p> <p>1998 Regulation of industrial discharges to sewers</p> <p>1999 Surface water quality standards</p> <p>2000 Standards for industrial discharges to surface waters</p>

COMMENT 1

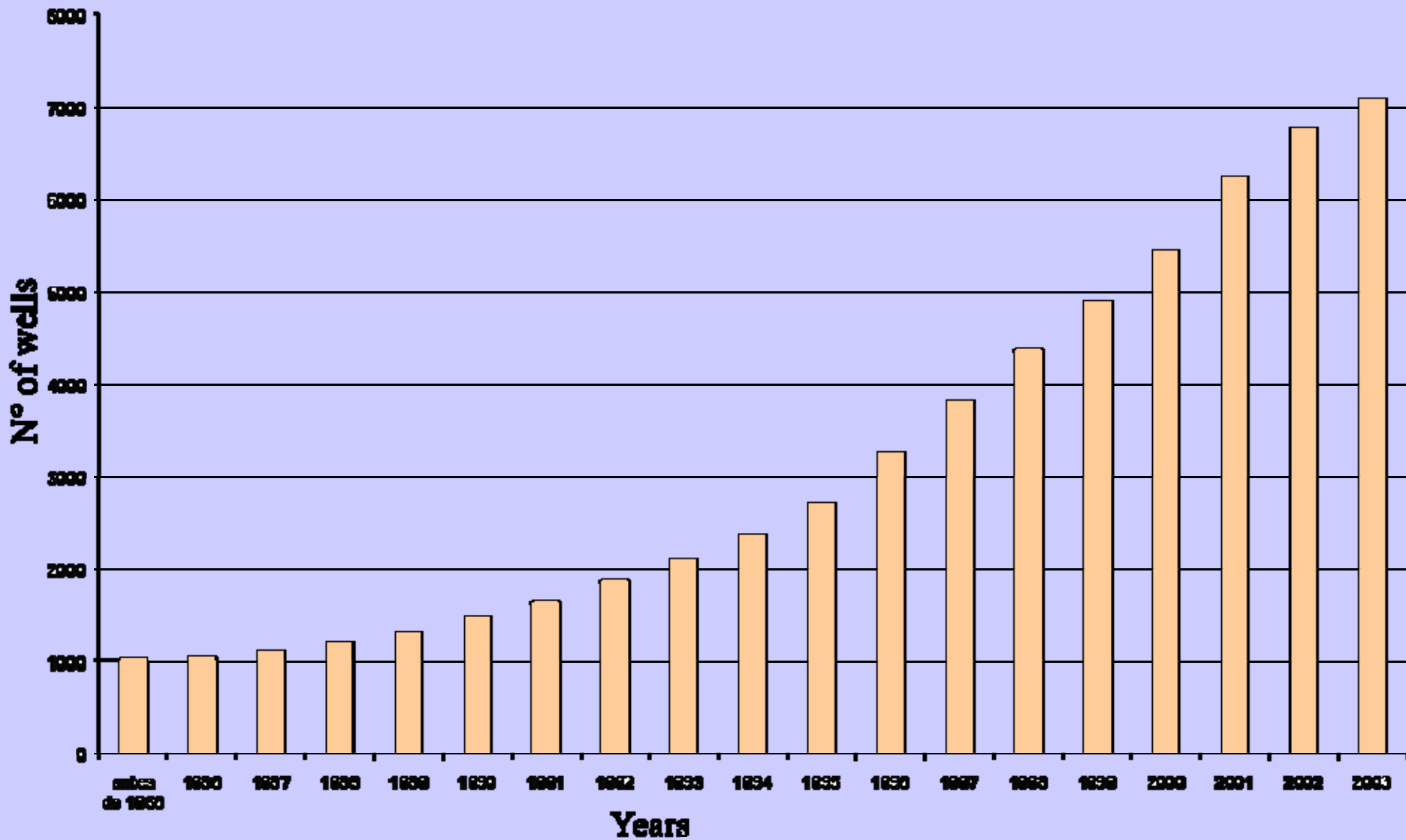
Water reforms in Chile are closely related to the changes in other sectors of national institutions and are strongly linked to the country's development strategy.

In Chile, it is not possible to consider water reforms as isolated changes.

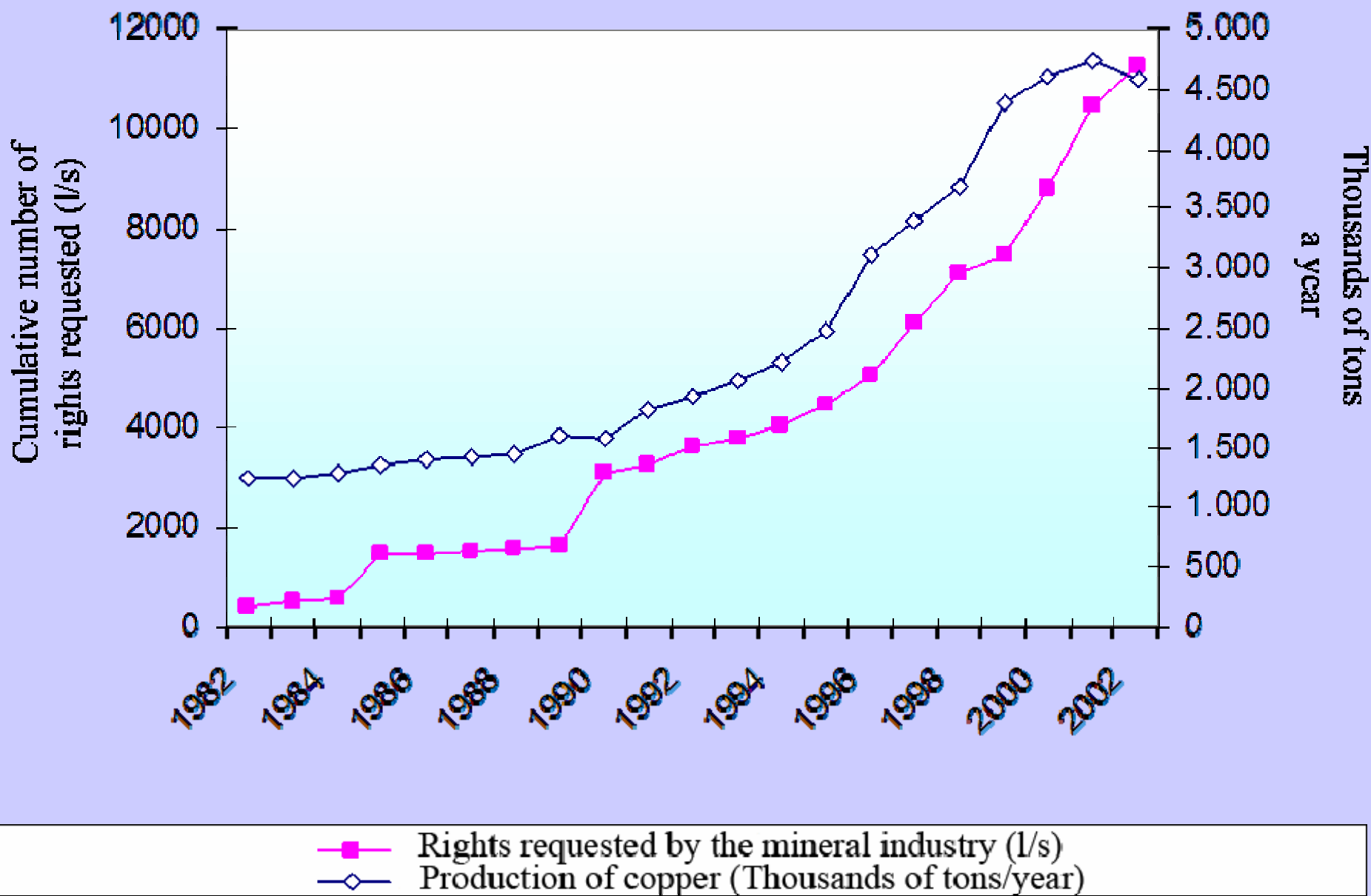
EXPORTS OF PROCESSED FRUITS AND VEGETABLES, 1981-2001
 (Millions of US\$ FOB and Thousands of tons)



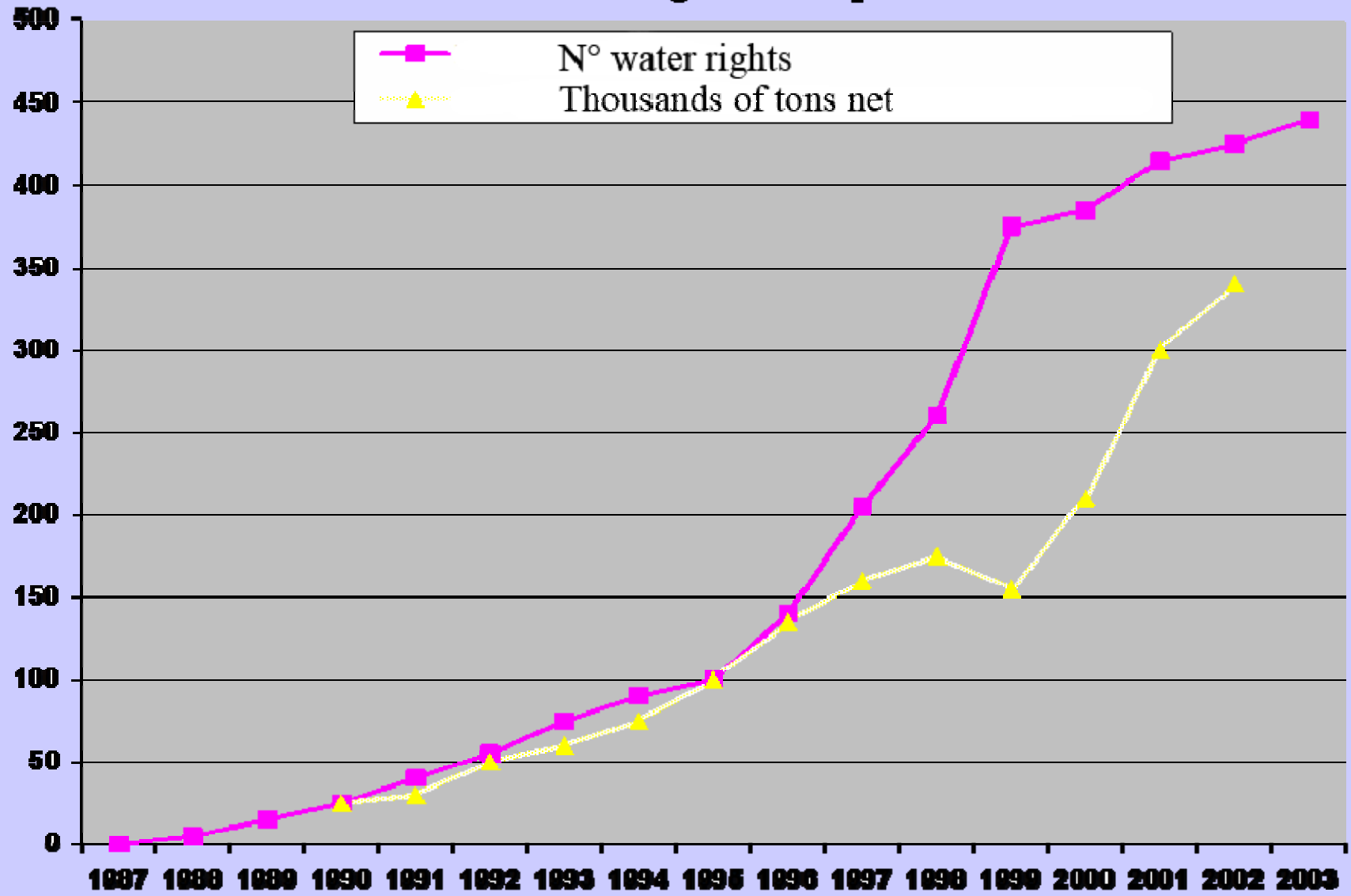
TOTAL NUMBER OF WELLS USED FOR IRRIGATION BETWEEN REGION I AND THE METROPOLITAN REGION



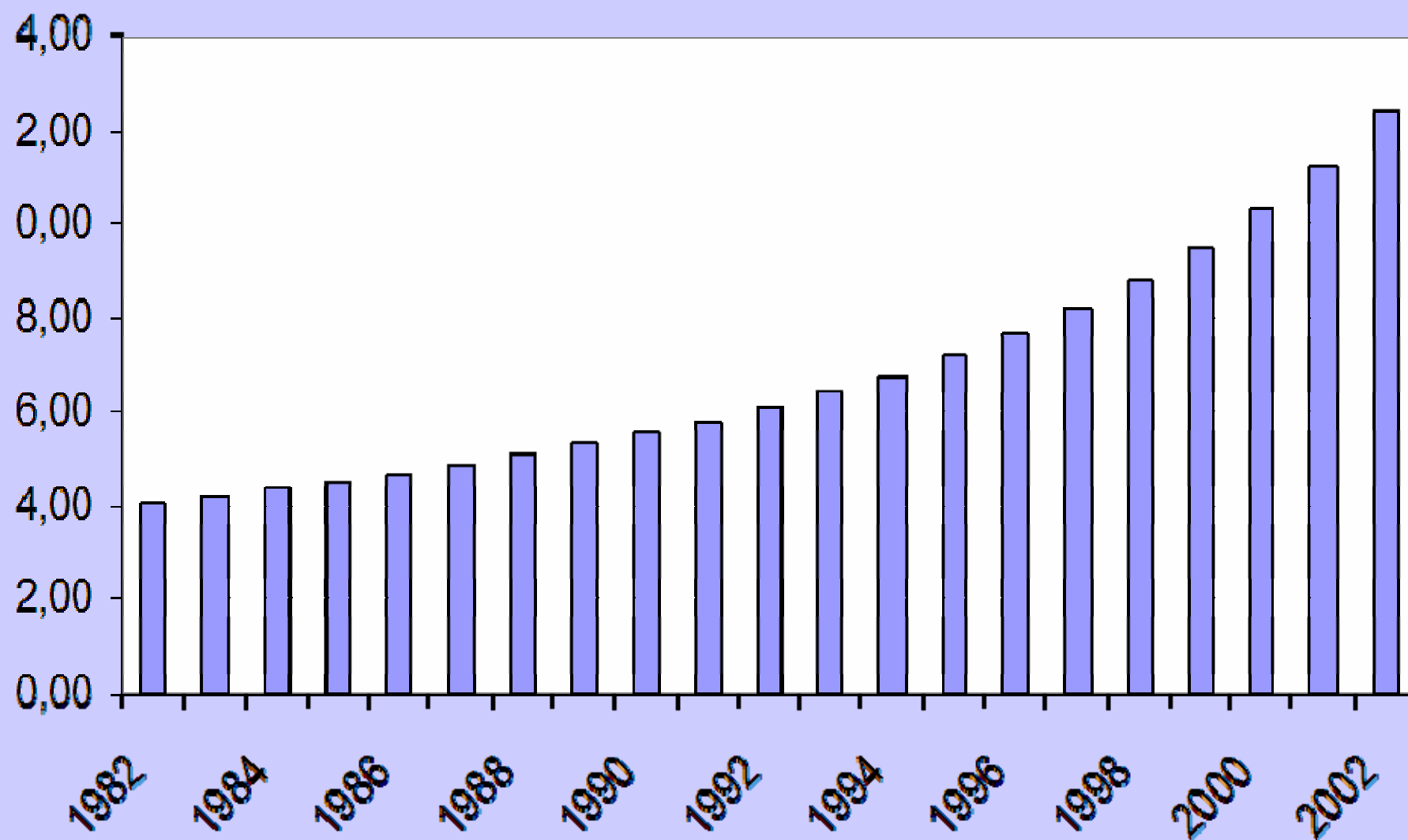
WATER RIGHTS REQUESTED SINCE 1982 FOR USE IN COPPER MINING AND PRODUCTION



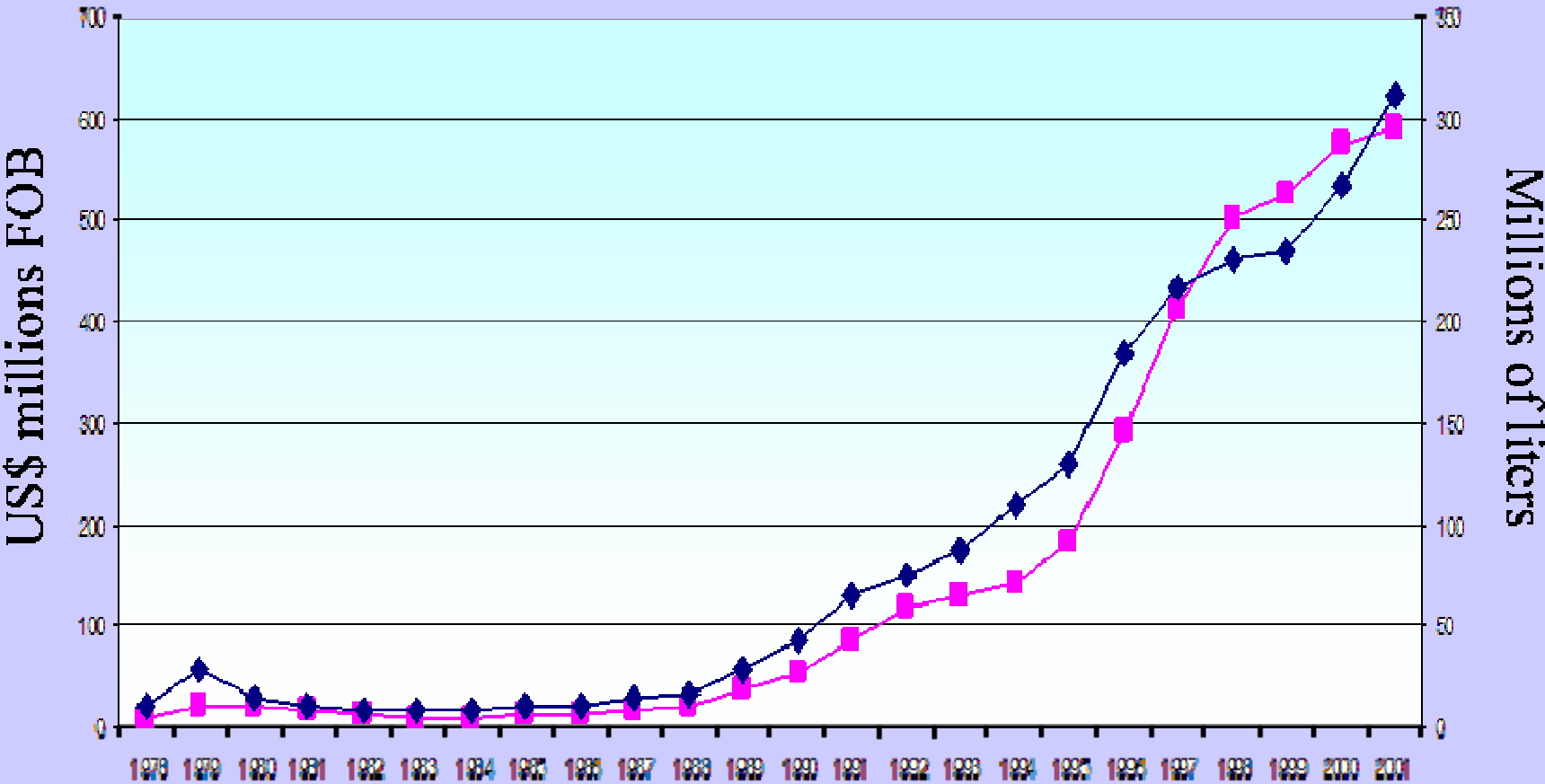
AQUACULTURE water rights & exports



PRODUCTIVITY OF WATER USED IN COPPER PRODUCTION (Ton Cu/1000m³ water)



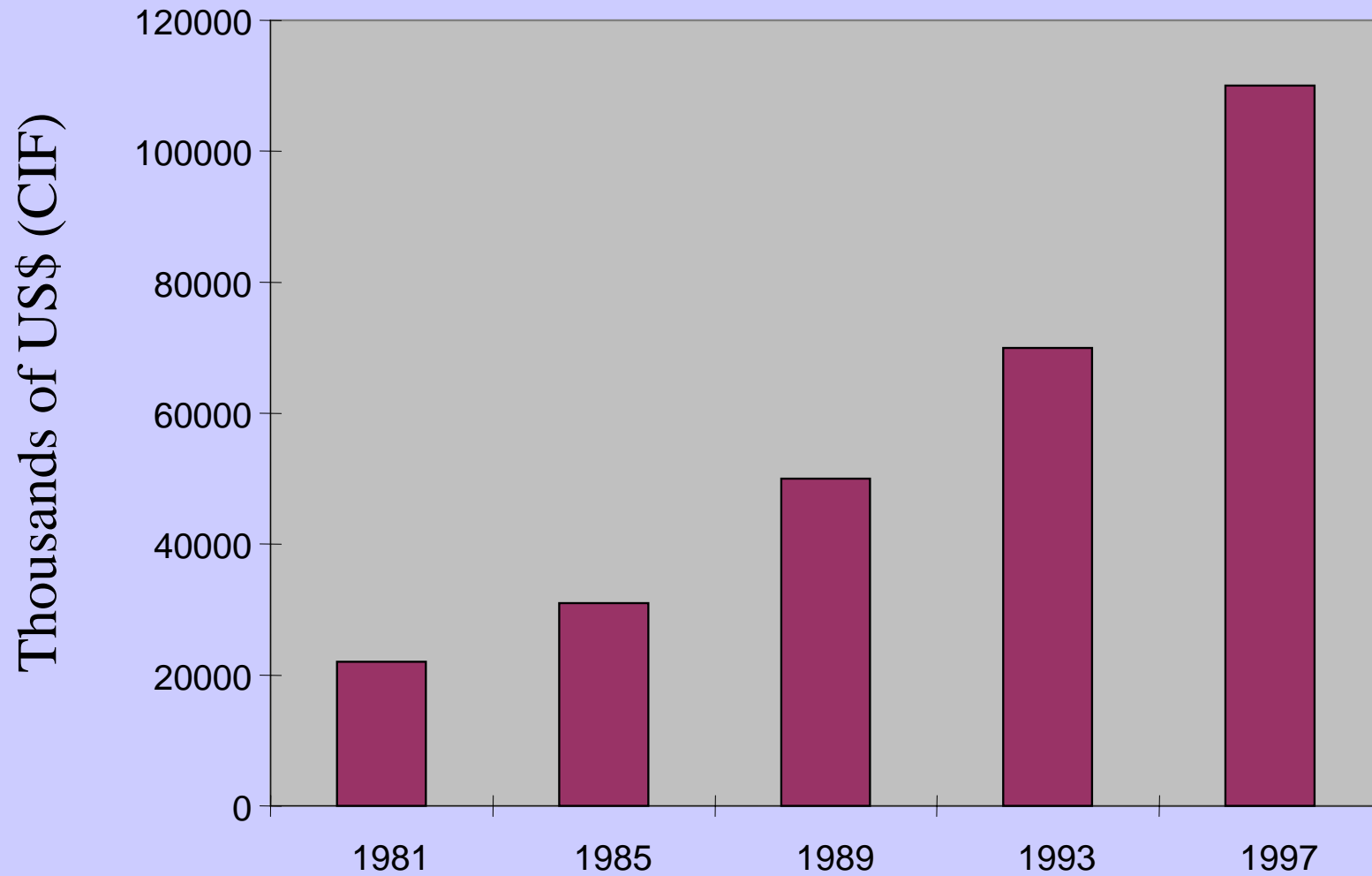
CHANGES IN WINE EXPORTS



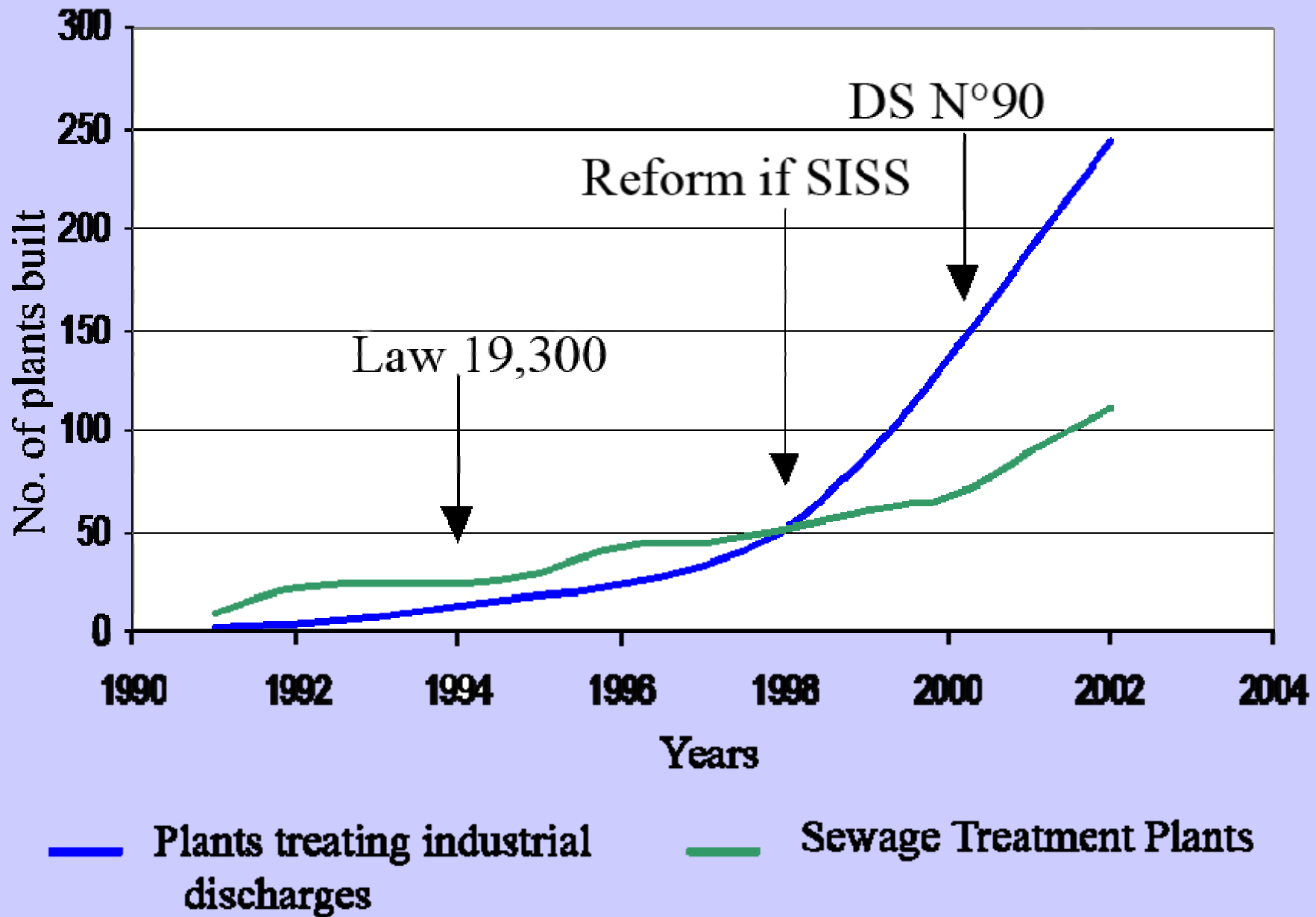
■ US\$ ◆ Millions of liters

EVOLUTION IN THE IMPORTS OF PESTICIDES

Thousands of US\$ (CIF)



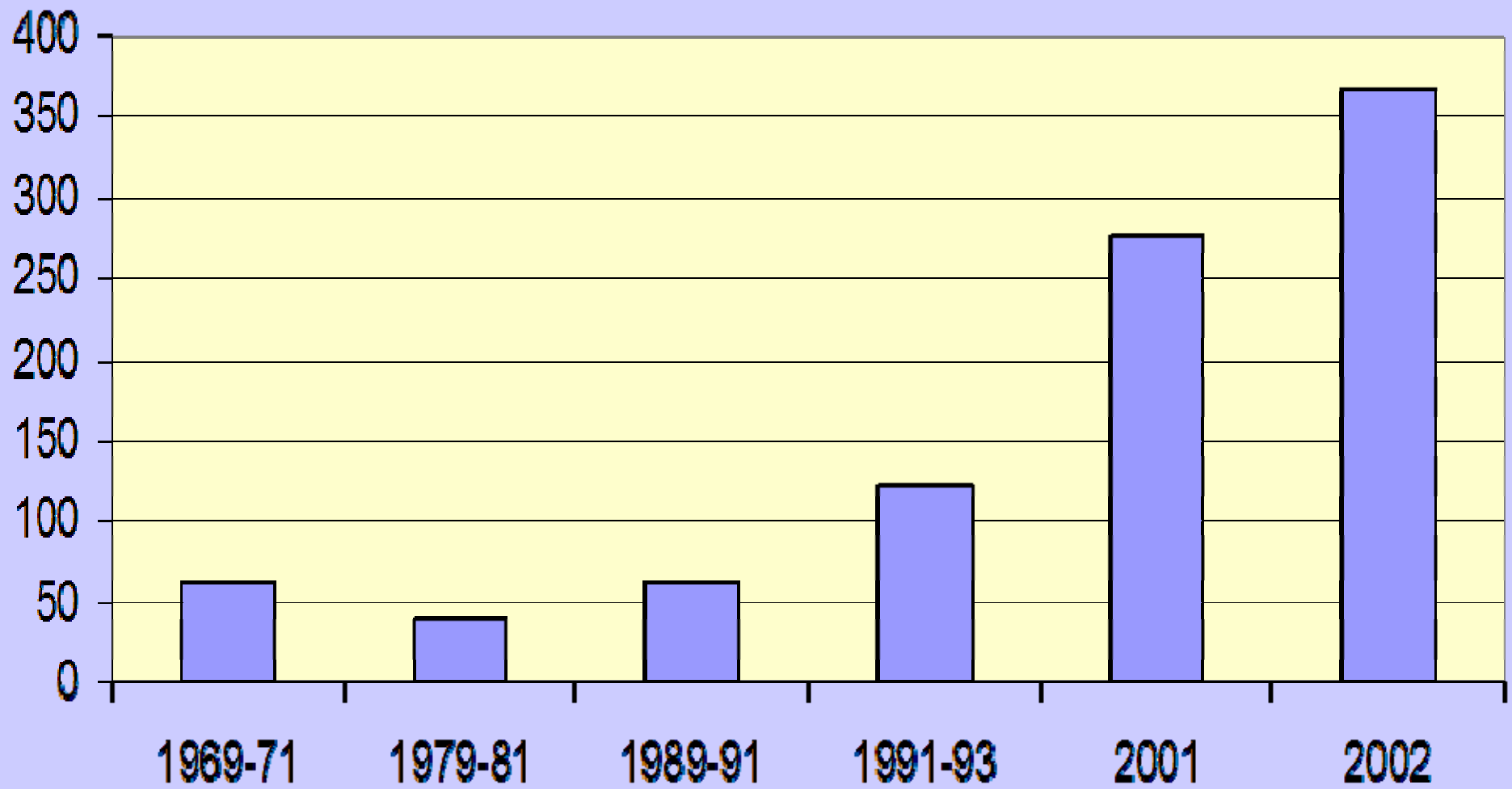
TREATMENT PLANTS BUILT AND OPERATING



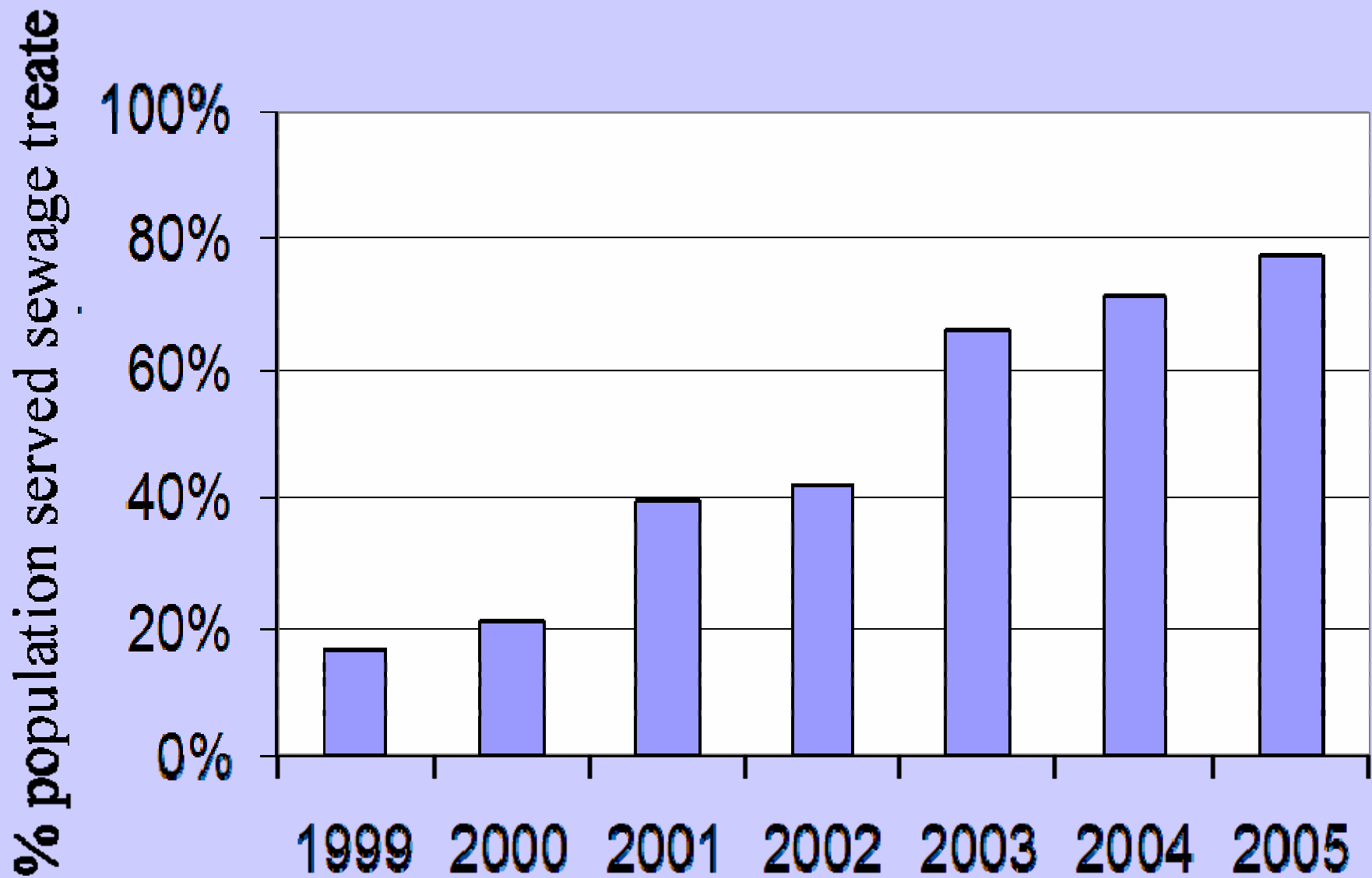
Increase of Average Income

- During the 1989-1999 period the real income increased in 80%
- During the 1987- 1998 period poverty was reduced in 52% and indigence in 68%

AVERAGE ANNUAL INVESTMENT IN WATER SUPPLY AND SEWERAGE IN CHILE (millions US\$)



CHANGE IN THE AMOUNT OF SEWAGE TREATMENT



COMMENT 2

The changes in ideological and political views in whole society and global programs oriented to transform the country have been important forces that trigger or block the reforms.

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COMMENT 3

In essence, the current water regulations are the result of a step-by-step need for adaptation. The general strategy was based on adjusting the initial systems in accordance with the real needs and possibilities of each moment. It is not the result of a global reform.

Examples:

- Evolution of Chilean sanitary sector
- The Water Code Reform (2005)

THE HISTORIC EVOLUTION OF CHILEAN SANITARY SECTOR

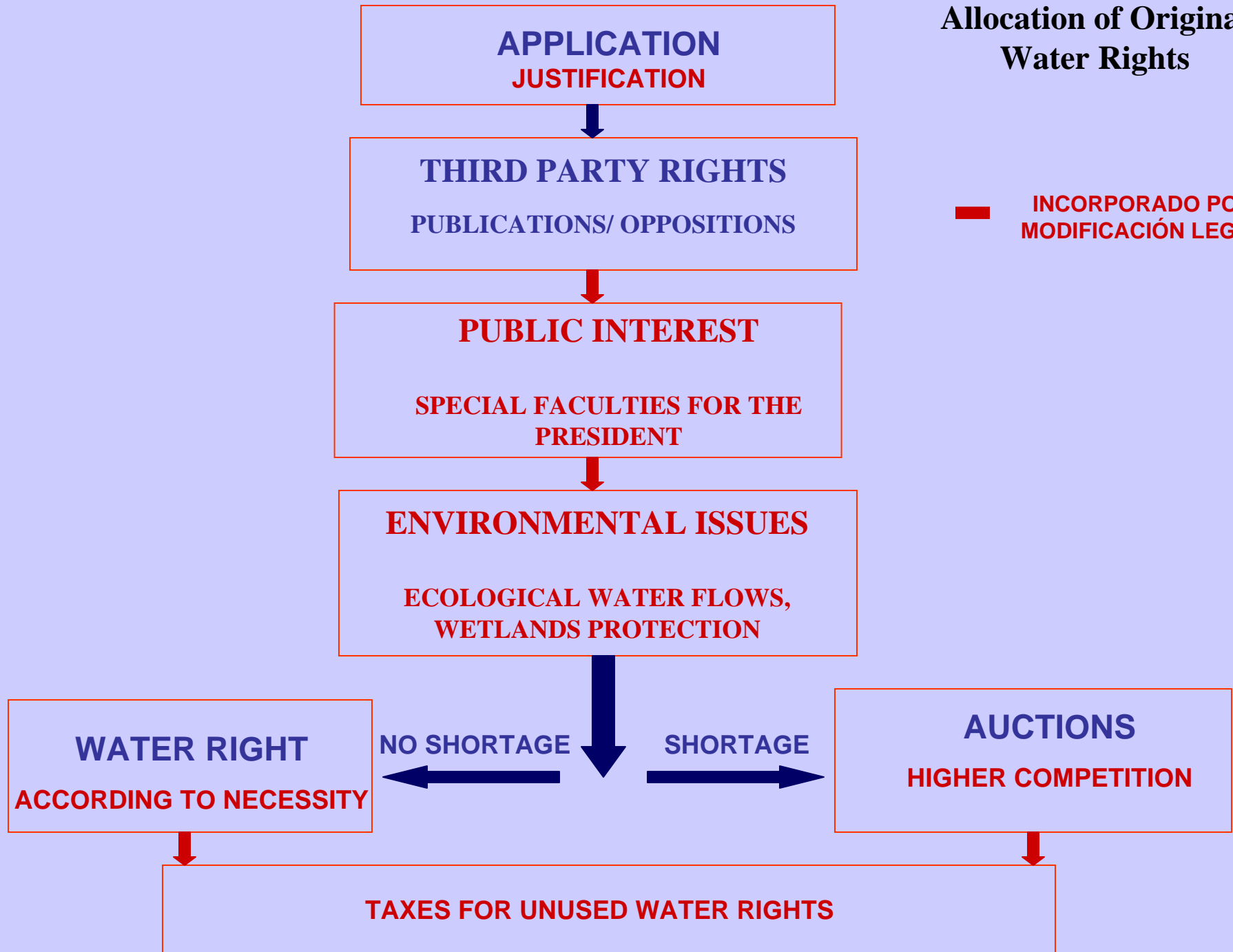
- 1977 NATIONAL SERVICE OF SANITATION WATER WORKS (86/56/-)(*).
 - Autonomous organization of the state/ all the water works companies are integrated
- 1988 THE GENERAL LAW OF SANITARY SERVICES (98/81/8)(*)
 - regulatory framework/ law of tariffs
- 1989 REGULATORY AGENCY AND REGIONAL COMPANIES
 - law of subsidies
- 1998 NEW REGULATORY FRAMEWORK (99/92/17)(*), (**).
 - New investment (wastewater treatment).
 - Privatisation and new rules to avoid monopolies/ to regulate conflict of interests/ to enforce control/ to improve methodology of tariffs fixation.

COMMENTS:

- (*)*: drinking water coverage/ wastewater collection/ wastewater treatment in %
- (**): Tariffs increased a 60% between 1989 and 1998 and the mean rate of benefits of regional companies was 6.5% .

Allocation of Original Water Rights

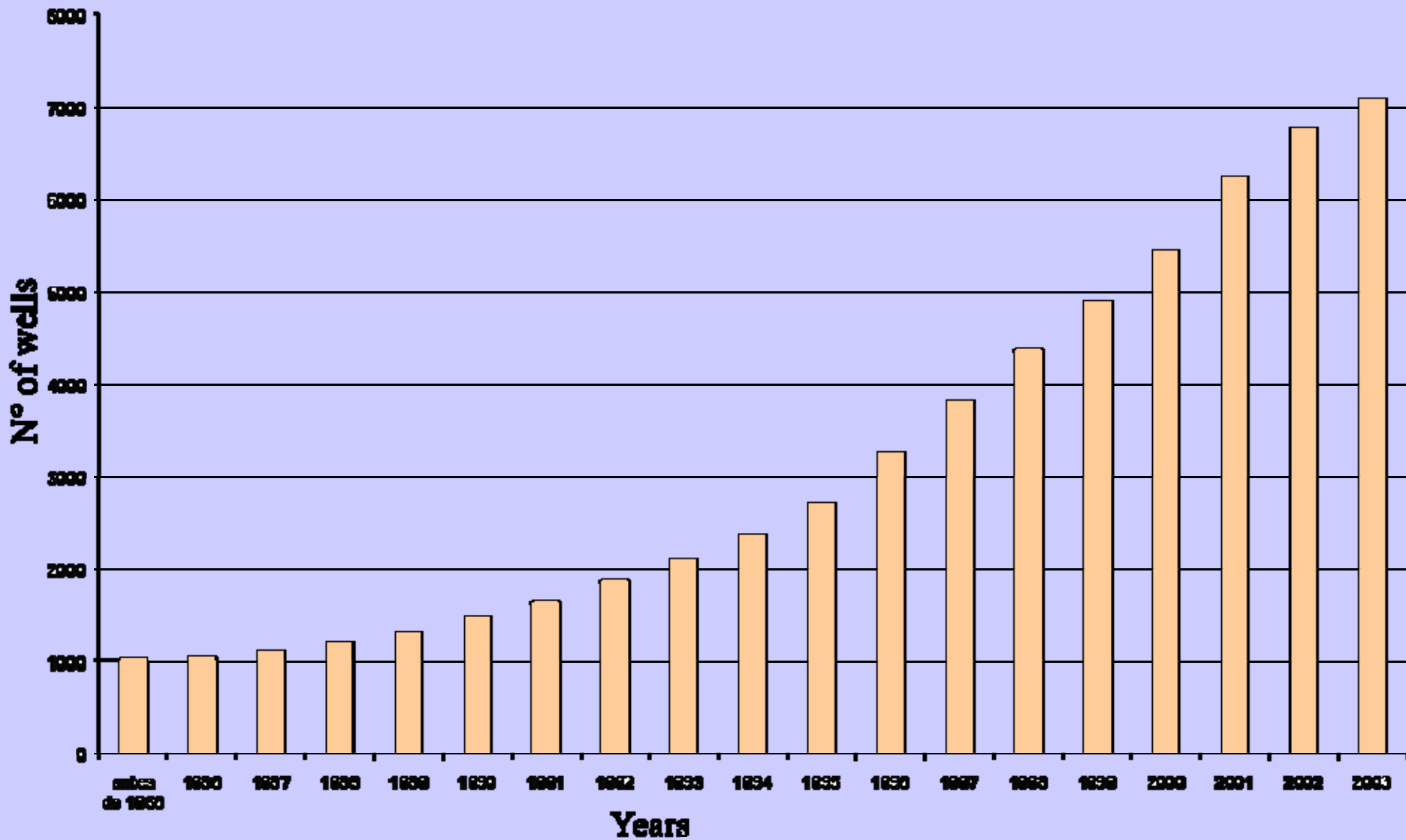
— INCORPORADO POR MODIFICACIÓN LEGAL



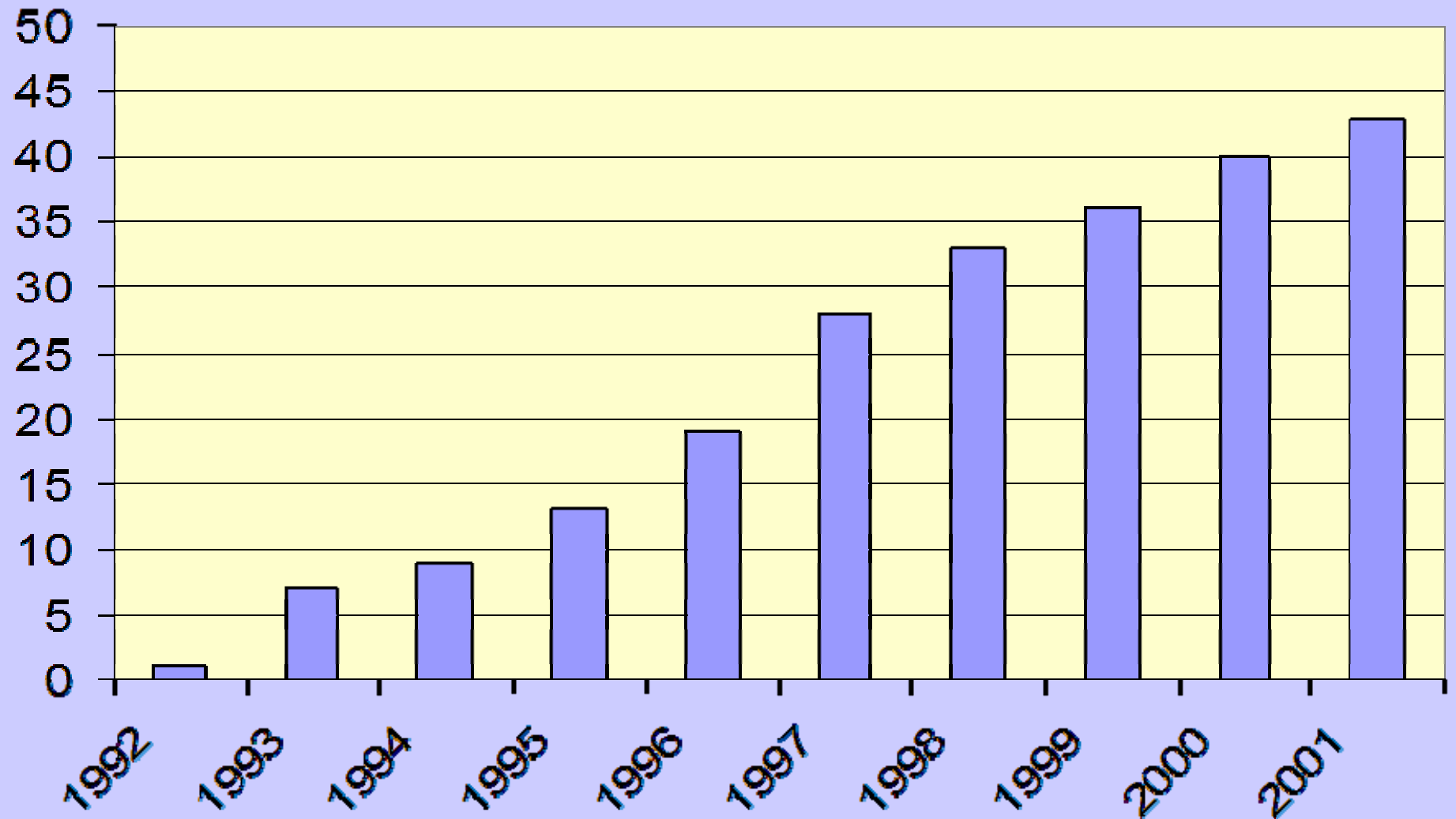
COMMENT 4

Water reforms need to be timely. This forces us to think in future challenges, in order to prevent lateness... but, they should not be premature, inadequate or not feasible.

TOTAL NUMBER OF WELLS USED FOR IRRIGATION BETWEEN REGION I AND THE METROPOLITAN REGION



**NUMBER OF AQUIFERS WHERE THE AVAILABLE RESOURCES
HAVE BEEN TOTALLY AWARDED FOR USE AND, IN CONSEQUENCE,
EXHAUSTED FOR NEW REQUESTS**



COMMENT 5

Water crises could be a source of reform opportunities, but adequate proposals should be at hand.

Examples:

Droughts were important in the late nineties in order to trigger the changes in the regulatory system of water supply and electricity

COMMENT 6

We must not forget that the water policies are mainly the result of different forces that find their expression into the political system.

In Latin America the greatest obstacles to advance in water reforms has been the lack of consensus in society.

In order to advance it is necessary to be pragmatic, to study, to work in building consensus and to be patient.

Reform of the Water Code (1981)

- 1992 The government introduced the first reform project.
- 1996 The government made amendments and introduced a second project.
- 1997 Water reform was approved by the Chamber of Representatives: 61 for / 32 against / 16 abstentions
- 1999 Reform was approved in Senate Committees: 3 for/ 2 against
- 2000 Reform was approved (in general) by the Senate: 29 for/ 7 against.
- 2004 Reform was approved (in detail) in Senate Committees: 4 for/ 1 against.
- 2005 Final project was approved unanimously in both chambers: Senate and Representatives.

During 13 years we had over 300 sessions in the congress, over 50 technical and legal studies, a large number of editorial notes in newspapers and several hundred of meetings with stakeholders. In summary, it was a long and laborious process.

Its successful completion reflects a change in political climate in the country, a better understanding of specificities of water sector and the conviction that the reform was necessary and inevitable