

Questionnaire to non-states actors

Report to the 48th session of the Human Rights Council (2021) on planning and vision

Report to the 76th session of the UN General Assembly (2021) on water commodification

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Brief characterization of water and wastewater services in Portugal

Portugal is a relatively small country of around 10 million people (Pordata 2019a), with a Gross Domestic Product (GDP) of around 204 billion Euros in 2018 (Pordata 2019b) and a Human Development Index of 0.85 in the same year (HDI 2019). In terms of water access, Portugal has 96% of households connected to a public water supply system and around 84% connected to a sewage system (Pordata 2019c). Around 98.66% of tap water is controlled and is of good quality (ERSAR 2019). The estimated daily average water consumption per inhabitant is 189 liters with a monthly water and wastewater expense per household (10m³/month) of 25.07 euros (ERSAR 2019).

Since 1993, the water and wastewater sector is characterized by the corporatization (Teles 2020), privatization and financialisation (Santos 2020) of the sector, along with the commodification (Lopes 2010) of water. “Corporatisation involved the de-verticalisation of water provision systems, separating the (capital- intensive) bulk sector (capture, treatment and storage of water) and the

retail sector (storage and final distribution).” (Teles 2020: 199) The retail sector remained mostly in the hands of local municipalities, whereas the bulk sector was regionally integrated. Currently there are 10 bulk water utilities (+ 8 functioning in very restricted areas) and 259 retail water utilities (+ 48 microentities) (RASARP 2021). The wastewater dimension was also de-verticalised, with a retail sector (collection, drainage and transport) and a capital-intensive bulk sector (treatment and discharge). There are currently 257 wastewater retail utilities and 12 wastewater bulk utilities (RASARP 2021).

I. COVID19 AND HUMAN RIGHTS TO WATER AND SANITATION

In the context of COVID19 pandemic, the Portuguese government declared the state of emergency in March 18, 2020 and in March 22 a Ministerial Decree was issued to guarantee the supply chains of essential public goods and services, as well as the conditions under which they should operate during the state of emergency (Despacho 3547-A/2020). All water utilities, private, public or mixed, had to define the necessary teams to guarantee continuous and uninterrupted water supply for human consumption, including water withdrawal, treatment and supply, quality and damage control (Art. 4). Similarly, all urban wastewater utilities, private, public or mixed, also had to define the necessary teams to guarantee a continuous and uninterrupted service, including collection, treatment and discharge of effluents, quality and damage control (Art. 5). Additionally, public and private water utilities increased hygiene actions in the facilities and in a transversal way determined remote work; for operational workers, non-coincidental schedules were defined, including the use of social spaces, and the use of Personal Protective Equipment. Union representatives proposed a risk subsidy to operational water supply and sanitation workers, which was not approved. Some sanitation companies, in order to prevent the risk of contamination suggested by studies of contamination from faeces, reinforced the processes of disinfecting water for consumption, increasing chlorination, and/or of effluents, namely by ultra-violet radiation, reducing microbiological contamination. Additionally, to guarantee these services, during the state of emergency in 2020, all utilities needed to maintain all existing contracts with third parties in order to fulfil their obligations (Art. 18). Due to a dire financial situation, partly inherited from the 2007-2014 financial crisis, public water and sanitation utilities benefited from a debt settlement scheme since 2019. Also under the 2020 state of emergency, debt settlement payments were

postponed and credit concessions were extended (Decreto-Lei 14-B/2020) and new debt settlement schemes were negotiated (Lei 11/2020), in order to guarantee the continuous and uninterrupted functioning of all public water and sanitation utilities.

In terms of recovery and relief measures, the Portuguese Government (2020) has elaborated a Recovery and Resilience Plan with three dimensions: resilience, climate transition and digital transition. The resilience dimension includes a specific component on water management specifically directed at halting the water scarcity problem in Alentejo, Algarve and Madeira. This includes the integrated and circular management of water resources in scarcity situations and three major investments in Alentejo, Algarve and Madeira. In Alentejo, the investments foresee the establishment of a strategic water reserve for public supply and irrigation. In Algarve, the investments predict an increase of water availability and its resilience, through infrastructure, water losses' reduction, treated water use and desalinization, and a reinforcement of monitoring stations and installation of water meters. In Madeira, the investments include existing water use optimization, withdrawal of water in excess, establishment and increase of strategic water reserves and articulation of different water sources. All of these investments are considered crucial for guaranteeing a continuous and uninterrupted water supply. Additionally, the Recovery and Resilience Plan also includes measures to fight inequality and exclusion, which may also have an impact on households' ability to pay for water and sanitation services. Still, Portugal continues to adopt a water management approach based on water supply, drainage and treatment issues (Coelho 2020: 552). Despite undeniable improvement in the last decades, serious problems still persist with negative impacts to the environment and public health (Coelho 2020: 552). For instance, the level of wastewater treatment is not high enough to guarantee its depollution, since only 56% of wastewater goes under a more advanced treatment, including disinfection and nutrient control (APA 2019; ERSAR 2019; Coelho 2020: 552), which has a direct impact on water availability. "Portugal needs a zero aquatic pollution program, which identifies all pollution sources and implements, case-by-case, the necessary measures for their elimination." (Coelho 2020: 572) Simultaneously, the implementation of water conservation measures is urgent, especially in the agriculture sector, which is the biggest consumer. More efficient irrigation systems, water loss reduction and changing individual habits and consumption patterns constitute some of the

elements that should be addressed (Coelho 2020: 572). The first two are addressed in the Recovery and Resilience Plan for three regions, but the last, which has a more long-lasting and sustainable impact is not included. Managing water and all national resources and activities taking into account their water footprint (green|rain, blue|irrigation and grey|wastewater) would render visible structural vulnerabilities and potentials currently ignored and without which resilience and sustainability are not possible.

In the event that water and sanitation utilities are unable to meet the requirements of COVID 19, no specific or additional measures have been taken to regulate and ensure that the population has adequate access to water, sanitation and hygiene services and facilities, but the pre-pandemic existing measures are in effect. The Portuguese national Water and Waste Services Regulation Authority (ERSAR) regulates and supervises the water supply to populations, urban wastewater sanitation and urban solid refuse management, including the coordination and monitoring of water quality for human consumption (ERSAR 2021a). ERSAR aims to “protect correctly the users” by assuring that water provision respects quality standards (ERSAR 2021a), and “to protect consumers” through promoting and guaranteeing the right to have access to the public water supply grid when it is available at less than 20 meters; the right to be served within five days of requesting water access; the “right to benefit from a social tariff (poor families)”; and the right to have an interrupted water supply 24 hours a day, every day of the year, except for “strong technical reasons or lack of payment (after due diligence of procedures)” (ERSAR 2011).

However, on April 10, 2020, the Portuguese National Parliament approved a law determining that during the state of emergency and the following month, and until September 30, 2020, essential services supply suspension was prohibited, which included water disconnections (Lei 7/2020). On December 31, 2020, the National Budget Law included the prohibition of suspension of essential services during the first semester of 2021, including water and sanitation (Lei 75-B/2020). Also, at the municipal level, several water utilities suspended payments during the state of emergency periods, reduced water bills by 50% for households, or exempted consumers from fees.

Besides the temporary law prohibiting water disconnections during the state of emergency periods in the COVID-19 pandemic context, there are various instruments defined by the National Regulatory Agency to ensure that no one gets disconnected due to lack of payment or is unable to access water and sanitation services due to lack of financial resources. ERSAR (2009) created social (poor families) and big families' tariffs to overcome (potential) affordability barriers to water and sanitation access. The poor families' tariff (social tariff) determines the exemption from fixed tariffs and the application of the first block of variable tariffs to the total consumption, to the monthly limit of 15 m³ (ERSAR 2021b). This tariff is applied to domestic consumers undergoing economic hardship certified by the national security system. The big families' tariff implies the extension of the variable tariff block for each member of the household above four elements (ERSAR 2021c). There are also debt settlement schemes in place for those who have undergone payment default.

Overall, the vulnerabilities of the water sector due to the COVID19 pandemic presented several dimensions: (1) the ability to keep water supply and sanitation operations running with sufficient human resources or in the required periods of operation; (2) the sector's ability to organize itself collaboratively in mutual help actions; (3) the ability to maintain companies in the sector with preventive and reactive maintenance with limited human resources; (4) the weak social recognition of the water sector as a part of an essential service; and (5) the disconnected information based on uncertainty about the sources and forms of contamination in the workplace.

However, regarding the general population, COVID19 created and exacerbated economic and physical vulnerabilities. Regarding economic vulnerabilities, the increase of unemployment, the fluctuation of household incomes, and the drastic reduction of income in certain sectors (for instances, performing arts) has determined economic a drastic economic hardship situation that prevented many households from paying their water/sanitation bills. The suspension of water disconnections during the state of emergency and the following month allowed easing these families' hardship; the layoff program also partially assisted some households in facing their financial expenses. In terms of physical vulnerabilities, several situations were identified associated with the unsustainable ratio of people/WASH facilities in the COVID19 pandemic context, for instances in informal settlements, prisons, or elderly homes. Piecemeal and reactive steps and

measures were taken. For instances, providing emergency health teams to assist elderly homes or the Social Adaptation + Program, also for elderly homes and other social institutions to reorganize their space (Portaria 178/2020). Other measures included the release of misdemeanour offenders and the extension of 3-days temporary leaves to 45 days and early parole to diminish the in-prison population (Henriques 2020). Homeless people also became more vulnerable both economically and physically, and many municipalities organised temporary shelters following health authorities recommendations regarding social distancing and WASH requirements for homeless people (SIC 2020). Also in many municipalities, public WASH facilities remained open during lockdown (ARS-Norte 2020).

Host-communities that absorb refugees face the same challenges as everyone else and refugees benefit from the same measures as any other Portuguese citizen. People living in slums and informal settlements as well as seasonal workers with confinement and lockdown periods have face the problem of access to WASH facilities, which were guaranteed at work and of having to share the existing ones with too many people. Also, regarding economic hardship, the fact that many of these persons lived from informal and/or precarious economic activities determined that they are not include in government layoff assistance programs. Roma people, institutionalised persons, victims of domestic violence, undocumented immigrants, non-residents and in-transit people, sometimes stuck in airports/ports/borders with no-where to go and no income to face their unexpected extended stay constituted groups of persons extremely vulnerable to the challenges posed by COVID19 pandemic in terms of water and sanitation access according to health authorities instructions.

Public policies

The Governmental Recovery and Resilience Plan (2020), as stated above, includes three dimensions: resilience, climate transition and digital transition. The resilience dimension concentrates 61% of the Plan's funds, focusing on the mitigation and reversion of the economic crisis resulting from the COVID19 pandemic context negative impacts, and on better preparing the country for future shocks, independently of its nature. Three priorities are identified:

- a) reducing social vulnerabilities, through investment and reforms in health, housing and support networks for vulnerable persons, specifically in metropolitan areas;
- b) reinforcing the national productive potential, through research and development, industrial innovation and renovation, adult life training, education modernization;
- c) and guaranteeing a territory simultaneously competitive and cohesive, where infrastructure investment is essential, as well as climate change adaptation through the increased resilience of forests and water management.

21% of the Plan's funds is directed to climate transition, focusing on the reduction of greenhouse gas emissions (45%-55% by 2030 of 2005 levels); on the inclusion of 47% of renewable energy sources in the final gross energy consumption; and on increasing the energetic efficiency by reducing 35% of primary energy. The remaining 18% is channeled to the digital transition, centered on digital skills and capacitation, including the business, educational, fiscal, social security and justice sectors.

The investments in resilience components are probably those that might have a stronger impact on water and sanitation access, through improving housing conditions and availability, supporting networks for vulnerable people, increasing employment and strengthening water management. Still, most policies sound like 'more of the same', with a strong emphasis on infrastructure, mitigating instruments and a reactive approach. There are no ontological structural changes proposed to better equip society and governing authorities to situations similar to the COVID19 pandemic context. There is no recognition of water and sanitation services as essential goods that should be protected, beyond COVID19 pandemic, prohibiting disconnections all together and/or guaranteeing a minimum quantity of water supply per person, per month for free. This Recovery and Resilience Plan does not change the commodification, corporatization and financialisation of water and sanitation, nor does it include structural measures/policies to systematically and automatically prevent and/or mitigate the negative impacts these dynamics have on the fulfilment of the Human Rights to Water and Sanitation.

The COVID19 pandemic revealed the central role of the State. Only a strong State is able to mobilize the available resources to protect its citizens and guarantee their access to essential services, such as water and sanitation (Santos 2020: 56). The pandemic context also showed that funds are raised when necessary, confirming that adopting and implementing crucial water and sanitation policies is a matter of political priority and not necessary of a lack of funds. Still regarding the role of the state, the de-financialisation and de-corporatisation of its activities need to be seriously addressed to sustain the centrality of its role.

The COVID19 pandemic showed, once again, the pervasive role of water, from basic health and direct fight against COVID19 dissemination and contamination to precarious housing situations, to wastewater treatment and economic activities. This evidence should restate and reinforce the need for a public, interdisciplinary, multi-sector, trans-scalar, participative and sustainable water governance model with measures to prevent, mitigate and adapt climate change impacts in water and sanitation services.

The reactive approach to the COVID19 pandemic brought to the forefront short-term and immediate palliative measures, leaving behind longstanding structural environmental problems derived from “conflicting and even destructive interactions society-environment-economy” that had already alerted to worldwide calamities (Reis 2020: 23), as the current one. It is vital to adopt a pro-active, long-term and complex systems approach to water and sanitation services in order to promote a more resilient society.

Responses to COVID19 pandemic also revealed that protecting public health and a society’s resilience has to include measures to address vulnerable persons’ livelihoods and material realities – homeless, seasonal workers, Roma people, informal settlements, victims of violence, institutionalized persons, such as prisoners and the elderly and the sick – in order to succeed.

III. FINANCIALISATION/COMMODIFICATION QUESTIONNAIRE

On market-based mechanisms as a response to water scarcity

The Nasdaq Veles California Water Index and water futures trading will not have an impact on water availability per se, since the quantity of water physically available will remain the same. Its allocation, however, may change, determining an alteration of water availability to different users, depending on who has more best guesses regarding water futures and on who has more purchasing power to enter the water futures market.

This model can easily expand beyond California, either through the creation of an international water market, even if restricted, and/or through the creation of financial derivatives based on water expectations in different countries and/or for different economic sectors highly intensive on water. The creation of an international water market may still be difficult to emerge, since the separation of water rights and land rights is still underdeveloped, in practice, in most countries. The attempted international commodification of bulk water at the beginning of the 21st century is a case in point (Lopes 2005). Several companies conducted negotiations, obtained withdrawal permits, drew up plans, raised investment funds, successfully pushed for enabling legislation and signed contracts, creating the conditions for bulk water trade and the emergence of an international bulk water market. Three specific countries has bulk water export projects developed and approved: Bolivia, Canada and France. For most of the 1990s, these projects spurred debates and discussions, mostly inside each country. It seemed a natural long overdue expansion of domestic dynamics. By the second half of the 1990s, however, the Canadian authorities started back peddling and suspended the already acquired permits. Soon after, the Bolivian Congress also overturned its decision to allow bulk water exports and passed legislation explicitly prohibiting it. Finally, by March 2004, the French project had been dropped due to ‘a change of heart’ of the Spanish buyer. Overall, an allegedly ‘natural and inevitable’ market dynamic became a milestone of state power. This halt can be explained by different specific domestic and international dynamics concerning each of these particular cases and the national origin of the companies involved. Nevertheless, on closer examination, all of these cases revealed two common underlying factors: on the one hand, the consolidation of the public nature of water (at least when thinking internationally) and, on the other

hand, a strong sovereign framework. In fact, water is still tightly linked to territorial concerns about self-sufficiency, triggering longstanding issues of sovereignty. The creation of water international financial derivatives is only a matter of finding financial actors interested in such financial products.

The commodification, corporatization and financialisation of water in Portugal has had a structural impact on water prices, which constitute one of the dimensions of greatest inequity in Portugal. Water prices are determined by financial reasons of local interests, by imbalances in the technological and operational capacity between companies, and by the competitive dichotomy between public and private companies, both in the water pumping and in the distribution levels. This situation is transversal to rural and urban areas, and is not based on the assumption of access to the water resource, being generically subsidized. The subsidies are the result of cash flows from companies located in metropolitan areas and supported by national environmental funds. One of the pressures that rural areas are being constrained is the increase in the price of supply and sanitation services, given that companies need to achieve economic sustainability and meet the quality criteria of regulatory authorities. 2019 numbers show that the annual expense for 120 m³ of water per year in the most expensive municipality was 265.49 euros (both in Santo Tirso and Trofa) and least expensive one was 43.20 euros (Peso da Régua); and of the the 25 municipalities with the highest water prices, 24 were managed by private entities (Expresso 2020).

Research conducted after the economic crisis period (2010–2014) in Portugal revealed that although a high number of households became eligible for water disconnections due to payment default during those challenging years, the number of disconnections did not increase accordingly (Lopes 2020). The underlying reasons rested with municipal authorities' approach to these situations.

Between 2011 and 2014, the Portuguese Government signed a Memorandum of Economic and Financial Policies (MEFP) with a troika, encompassing the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission, to bail out the country. Strict austerity measures were adopted in order to comply with the commitments set out in that MEFP. According to some, the Portuguese Government adopted even stricter austerity measures than

those required by the troika, using the MEFP “as a window of opportunity to pursue reforms that would have met tremendous opposition otherwise” (Moury and Freire 2013). This included the adoption of a strong neo-liberal market approach, within which full cost-recovery of public services was crucial. In terms of water services, this approach implied a fierce pressure for making water services in each water utility financially sustainable. The policies adopted during this period resulted in severe social consequences. Between 2010, 2nd trimester, and 2013, 1st trimester, around 500 thousand jobs were destroyed and the total number of unemployed increased 60%, with young unemployed (15 to 24 years old) increasing 107% (CRISALT 2013). The number of unemployed grew faster than the number of unemployment benefits’ beneficiaries, thus the number of unemployed without any social support increased continuously since the beginning of 2010, until, at least, 2012 (CRISALT 2012). Due to the successive changes in the eligibility conditions for unemployment benefits and the growing number of long-term unemployed, the coverage rate of these social benefits fell from 60% in March 2010 to 40% in March 2013 (CRISALT 2013). The growing social unprotection was also reflected in the reduction of the number of Family Allowance beneficiaries (- 33% between March 2010 and October 2013) and of Social Inclusion Income beneficiaries (- 37% between March 2010 and October 2013) (CRISALT 2013).

Consequently, these dynamics rapidly created generalised conditions for payment default of basic services, including water supply. In 2012, Portuguese media reports started denouncing the increasing dire conditions under which Portuguese families were living, including in terms of water access: “Families cannot even pay for water” (Diário de Notícias 2012a); “Without water, without light, without gas” (Visão 2012); “Requests for help to pay water, light and gas increase 40%” (Diário de Notícias 2012b); “There are families breaching meters to get around water debts” (Jornal de Notícias 2012); “Water disconnections due to debts return with strength to the Porto neighborhood of Aldoar” (Público 2012). Reports stated that in six cities alone, 3,000 families were disconnected from water services every month (Diário de Notícias 2012a), and that this was happening with different intensities all over the country, including in the archipelagos (Jornal de Notícias 2012). An in-depth analysis of eight households showed that to survive, more and more Portuguese were stealing water in gas stations, using oil lamps, and eating only what did not need

to be cooked (Visão 2012). And yet, no major social uproar took place; no political statement was made; no widespread disturbance was registered.

The research conducted enabled the identification of a set of ad-hoc measures adopted by different water utilities, which were determinant in upholding the Human Right to Water during those years of economic hardship. Among these, there were measures or attitudes that produced effects by the voluntary inaction of certain actors concerning the application of certain mechanisms in case of non-payment. Some water utilities refused to conduct any sort of service interruption due to reasons of economic difficulties. In two different occasions, municipal elected representatives clearly expressed that no service interruption had ever been made in such cases (INT6 2014; INT8 2014). One of them referred that the municipality had a non-collected debt of over €50.000 that was “outside the scope of the law”, but that s/he would not allow for any service interruption because it was a social case (INT6 2014). Another elected representative declared that instead of promoting service interruption in these cases, all these situations were flagged as social problems, and directed to the municipality’s social services (INT8 2014). The importance of municipal social services was mentioned by different officials. According to a technical staff from a municipal water utility, there are citizens that appeal directly to the Mayor in order to avoid service interruption due to lack of payment (INT9 2014). Very often public authorities attended to these requests if they were considered legitimate and truthful, in a non-systematic and case-by-case basis (INT9 2014). Another municipal technical civil servant referred that in case of notorious and publicly known situations of economic fragility, there was a softening of the rules applied to payment deadlines and extensions (INT5 2014). These possibilities existed due to the existing proximity between local public powers and the population, which was largely recognised by various municipal elected representatives and water utilities’ staff.

Inaction and passivity also played a role in the case of debts accumulated by consumers. According to the Law of essential public services, water bills cannot be reclaimed by service providers after 6 months. Some municipal water utilities’ staff referred to overzealous procedures in order to comply with the law. Historically, water meters were installed inside houses and apartment blocks. Disconnecting water supply implies that a representative of the household needs to be present to

allow the municipal worker to disconnect the water meter. Calls were made to schedule the water disconnection and explicit information was vehemently provided explaining that if no one was at home, the municipal worker could not cut the water supply. In these cases, water disconnections were not conducted due to a legal impossibility, prompted by the municipal water utilities.

Finally, other measures included procedures that were not strictly legal. For instance, according to two public managers, the decisions over allowing debts to be paid by monthly instalments, the number of monthly payments, etc., was designed case-by-case, and their continuity was dependent on the compliance with the debt settlement agreed and the perceived degree of consumers' good-faith (INT1 2014; INT10 2015). In these cases, the front office had 'little black books' where the monthly instalments were registered. These decisions did not comply with the legislation regarding debt collection, which established certain amounts and a fixed number of instalments to be applied. Another example was shared by a public manager from another municipal water utility, who declared that their municipality proposed unemployed citizens to perform social work in order to pay water debts (INT11 2014). Another elected official stated that sometimes, in order to avoid service interruption, civil servants working in the water department paid water bills of citizens they personally knew (INT12 2014).

The fact that water is considered as an essential good (INT4 2014; INT6 2014)] and that there is a close relation of proximity between local representatives and their constituents, enabling faster and clearer communication and the possibility of assessing situations of economic need (INT12 2014), may explain the existence of this type of non-institutionalised practices. These were invested by an ad hoc character, which reflects a high degree of autonomy and discretionary power of high-level civil servants and municipal water utilities.

On Financialisation

In Portugal, the water system of provision has been marked by deep institutional changes since the 1990s. The whole reorganisation of the sector followed neoliberal lines (corporatisation, market conformity re-regulation, private capital entry) that enabled the growing influence of finance in the production and distribution of water, furthering its commodity form. This influence was mostly

exercised through a European-sponsored debt model for public investment in the sector. In return, the sector was subjected to a new management model, with water tariffs increasingly based on the cost recovery principle, entailing a growing share for the repayment of debts.

Given the amounts involved, finance expansion was mainly carried out by financial official institutions, such as the EIB, that channeled loans to the Portuguese corporate public providers with the mediation of the state. It also involved, even if to a lesser extent, the participation of international securities markets. Domestic banks played only a marginal role. European cross-border banking loans are thus relevant, with other forms of finance, such as the bond markets, playing a minor role. Meanwhile, water bills, though set by municipalities, are increasingly mimicking market prices, allowing guaranteed cash flows for the financial sector.

All in all, the increasing role of finance in water provision was forged through debt that funded most of the new investment, which has meant the streaming of income from households to finance through tariffs, which have risen considerably and above inflation in the past decade, ensuring the service of debt. The burden of debt and a regulatory model that enforces market discipline on the different agents involved have opened the path for further privatisation, this time with the more likely direct involvement of foreign financial agents.

In recent years, there has been a growing participation of foreign capital in the Portuguese water system of provision, where foreign financial flows take the form of direct purchase of assets. Recent investments are understood as foothold in the Portuguese market, placing new private contenders in a more favourable position for future privatisations, in the form of new concessions.

The biggest private player, Aquapor, initially part of the AdP group, was privatised in 2008 and is now owned by a Portuguese construction company DST. Indaqua, which was controlled by three different Portuguese construction companies, now has two major shareholders, Miya Waters, which belongs to the British private equity group Bridgepoint, and the German financial group Talanx. AGS, formerly controlled by a consortium of Spanish and Portuguese construction companies, is now part of the Japanese conglomerate Marubeni (Teles, 2020).

It should be noted that these changes did not face much popular resistance. Such transformations coincided with extraordinary progress in the provision of water and wastewater services and relatively contained growth of the tariffs set by municipalities. Being a sector where public involvement is still prevalent, resistance to further commodification and privatisation of the sector has come from the trade union movement, which is still strong within the public sector. The *Água é de Todos* (Water for All) movement, founded in 2011 by several trade unions, is a case in point. In the case of water, the focus should not only be resistance to (foreign) private capital provision, but the reversal of public policies that enhanced the continuing transformation of water as a commodity, namely corporatisation and the regulatory framework, and insistence on the role of municipalities as locus of democratic decision-making and as the adequate governance scale. Again, finance should not be outside the policy focus. Public investment in infrastructure should not be exclusively dependent on private debt, not least because this is more expensive than public debt.

Water tariffs constitute essential cash flows that favour financial innovation. The sale of Veolia Portugal to the Chinese group Beijing Water Systems in 2014 is a case in point, following the financialised model already seen in England and Wales (Bayliss, 2014). The Chinese group uses a sophisticated financial scheme, where an offshore company based in Bermuda bought the retail concessions run by Veolia through a shareholder loan which was to be paid by the cash flows provided by rising water tariffs. This results in speculative strategies of water companies since debt is cheaper than equity, and thus rising debt burdens increase profit margins and generate funds for distribution to shareholders.

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