SAPRIN / EL SALVADOR

PRIVATIZATION OF ELECTRICITY DISTRIBUTION IN EL SALVADOR

A SUMMARY REPORT

The Privatization of Electricity Distribution

Introduction

The privatizations in El Salvador are part of a set of institutional reforms contained in the Economic Stabilization and Structural Adjustment Programs that aim to liberalize the economy through the deregulation of prices, liberalization of trade and the redefinition of the role of the State through a process of privatization and targeting of public expenditure.

The orientation of the institutional reforms in the public sector is based on the persistent critique that there has been too much public intervention in economic activity.[1] Initially, the emphasis was placed on the distortion in prices and quantities derived from State action. The critique later moved towards the dichotomy between the "insufficiencies" in the public allocation of resources and the "always efficient private allocation." In this area, the announced institutional reforms posed as a principal challenge the achievement of a smaller and more efficient State,[2] looking to increase the "confidence in the market and the private sector" as opposed to the "doubts and lack of confidence in the administration and planning" of the public sector.

Through the institutional reforms in El Salvador the implementation of the Program for Modernization of the Public Sector was implemented. This program includes the "modernization" of the energy sector. This program proposes the restructuring of the State bureaucracy in order to make it more efficient and reduce its costs, stripping the State of those activities and functions that are related to the provision of public services that the private sector could assume in a profitable manner, and helping to establish the institutional, legal and regulatory framework that will foster this sort of private investment.

Although the institutional reforms were presented with the label of "modernization of the State", in the practice this has been translated into the generation of the conditions to facilitate the privatization of the public enterprises and, with it, the transfer to the private sector of the goods and services produced and distributed by the State. The international financial institutions argued that privatization was a basic condition for productivity growth and the maintenance of the competitiveness of the national economy. The Interamerican Development Bank sustained that the privatization of public services would permit "situating the country strategically in the global economy and developing infrastructure projects needed to promote exports." [3]

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[1] See Rosales, Osvaldo (1990): *El Debate sobre Ajuste Estructural en América Latina*, p. 4, January, ILPES, Santiago.

[2] On the theoretical level and from the perspective of the Economic Adjustment Programs, the reforms in the management of the public sector look to: increase the savings of the public sector, better the effectiveness of the public investment and the revision of priorities in the areas of the public investment plans and reduce or make more efficient the size of the Public Sector. See Rosales, Osvaldo, Op Cít.

[3] BID (1997): "El Salvador Country Paper" Department of Regional Operations, country division 3, draft, June.

The process of privatization

The process of privatization in El Salvador was begun in 1989, with the "privatization of the banks"[4]. This was presented as an indispensable condition for the liberalization of the financial system, condition that, together with the opening of trade and macroeconomic stability,[5] would allow the national economy to achieve adequate levels of economic growth.

In this way, with the privatization of the nationalized banks the first generation of the process of economic reform was inaugurated. In this context, and based on the approach that was developed by the Cristiani (1989-1994) and Calderón (1994-1999) administrations, privatization was proposed to reduce the size of the State, decrease the fiscal deficit, render better services and provide the State with immediate resources that would be used to cancel the short-term debt and invest in social infrastructure or other social expenditures.[6]

The second generation of reforms (between 1990 and 1993) began with the sale of the State enterprises that did not provide strictly public services, such as the cement factories, the hotels and the sugar refineries, among others. The sale of these public assets, together with the income from the re-privatization of the banks, only generated two million colons[7], which is a minimum amount if we consider that it was the State, through the Central Reserve Bank, that assumed the responsibility for the debt burden that was reported by the nationalized banks and valued at approximately one thousand seven hundred million colons[8].

Since 1993, steps were taken to prepare the legal framework and the design of the mechanisms for the implementation of the third generation of reforms, although these were not launched until 1996 with the privatization of the public services of electrical energy distribution, telecommunications and pensions. It is worth stating the interest expressed by transnational companies -- especially in the areas of telecommunications and energy -- in the acquisition of Salvadoran public enterprises coincided with the emphasis placed by the international financial institutions (Word Bank, International Monetary Fund and the Interamerican Development Bank) on the need to privatize these service sectors.

[4] See: SAPRIN (2000): El impacto de los Programas de Ajuste Estructural y Estabilización Económica en El Salvador, Cap. II. Liberalización del Sistema Financiero, San Salvador.
[5] Editorial Analysis "La privatización: el fanatismo económico de la modernización", Revista ECA from the UCA No. 593, March, 1998.
[6] Ibíd
[7] Ibíd
[8] See: SAPRIN (2000), Op Cít.

It is foreseeable that with the finalization of the privatization of the transmission and generation of electric energy, as already proposed, the process will continue with the privatization of other public services, such as the social security administration and the distribution of drinking water. This issue is currently being debated by various social, economic and political sectors in the country.

The institutional and regulatory framework

With the coming to power of the second ARENA government, the Special Commission for the Modernization of the State was created by Executive Directive, [9] establishing the legal and institutional basis for the process of "Modernization of the Public Sector"[10].

The objectives of the Program of Public Sector Modernization reveal the following purposes: a) reorient the role of the State towards the activities that correspond to it in a market economy; b) change the culture of the Public Administration in order to orient it toward values and attitudes of public service, transparency and responsibility; c) achieve an increase in the coverage, quality and efficiency of the services and actions under public administration; and, d) set up mechanisms of social control over the products and decisions of the Public Administration.

The first of the services considered for the process of privatization was the distribution of electricity. The establishment of a legal framework and the institutional conditions that would make possible the sale of the state's electricity-distribution enterprises began in 1991. The first step was taken with the formulation of the draft bill to privatize this service[11], which was completed in 1993. This created the conditions for the privatization that was finally carried out in 1995.

As a precedent, in 1986 the Transitory Law of the Administration of Electrical Enterprises[12] established the devolution of the electrical energy distribution firms to the public sector (the Hydroelectric Company of the Lempa River, CEL, the parastatal enterprise for energy generation) after 50 years of having been administered under concession by private enterprises. However, eight years later, the same CEL prepared the basis[13] for the reconversion of the administration of electricity-distribution services through the creation of an Integral Plan for the Administration of the Public Service of Distribution, [14] establishing the need for the companies to be returned to the private sector and for the mechanisms through which to transfer part of the capital possessed by the distribution firms to the workers, employees and functionaries of the sector. This was incorporated in the successive legislation to legitimize the participation of the sector's workers as company shareholders.

[9] Executive Decree No. 97, November 1,1995.
[10] Informative Bulletin of the Program and the Commission published by the Economics Ministry in 1996.
[11] Based on an interview with Lic. Wilfredo Flores, Chief of the Department of Communications of CAESS.
[12] Legislative Decree No. 511, November 13, 1986
[13] The Transitory Law for the Management of the Public Service of Electrical Energy Distribution, approved by legislative decree, September 22 1994.
[14] Executive Decree No. 283, February 22 1996. See: NOTICEL report, August 1997.

In this context, CEL was constituted as the principal generator, transmitter and distributor of electrical energy in the country, followed by the Company of Electrical Lighting of San Salvador (CAESS)—whose basic function was the distribution of electrical energy.

The fundamental steps to carry out the privatization began with the restructuring of CAESS, which consisted of the creation of two companies: the Electrical Company of the East (EEO) and Electrical Distributor of the South (DELSUR). The companies were initially created without their own assets and subsidized by CAESS until the end of 1996, when the conditions were created for them to become independent. Additionally, the company for the country's western zone -- the Electric Light Company of Santa Ana (CLESA) -- was created and the General Superintendency for Electricity and Telecommunications (SIGET)[15] was constituted as the public entity responsible for guaranteeing compliance with the applicable laws and regulations related with the country's electricity and telecommunications sectors.

The SIGET is defined as an autonomous institution whose maximum authority is the General Superintendent, named by the President of the Republic, who would serve for a period of seven years.[16] The responsibilities of the SIGET include setting maximum rates for low-use residential customers for a transitory period (initially proposed as a year, after which the subsidy would be progressively reduced), applying rates established for distributors in their own geographic areas, guaranteeing compliance with the regulatory requirements of the electricity sector and penalizing incompliance of said regulations, resolving conflicts between the operators and presenting the regulations for the institution itself, to be approved by the President of the Republic.

After the law creating the SIGET, the General Law of Electricity was passed and replaced the Law of Electrical Services from 1936.[17] The new law in effect has as its principal objective "to promote a competitive electrical market in El Salvador,"[18] which defines the role of the SIGET as the operator of the wholesale electrical market, as well as the coordinator of the transmission of energy from the generating plants, the security and the quality of the service, the operation of the transmission network and communication to the participants in the market about the economic effects of the transactions in system's the regulatory market.

The General Electricity Law also establishes an "open competitive scheme" for the development of thermoelectric power generation in El Salvador. Under certain interpretations of the law, such an initiative need only be registered with SIGET and does not require approval by the Legislative Assembly. At the end of 1998, however, there was a draft bill presented to the Legislative Assembly proposing the privatization of

[15] Law for the Creation of the General Superintendency for Electricity and Telecommunications, September 12, 1996, Legislative Decree, No. 808.
[16] Notwithstanding this consideration, after a few months of being named, the first Superintendent was fired by the President of the Republic.
[17] In this year the concessions were given to private companies to distribute electrical energy.
[18] Based on a reference from NOTICEL, August 1997.

electricity generation, beginning with the generation of thermoelectric energy.[19] This law would enable the generators to sell energy through the wholesale electricity market, which would consist of a market of contracts and a regulatory market for the system, based on a system of energy supply and demand.

In February of 1997, the Law for the Creation of the National Investment Fund in Electricity and Telecommunications (FINET)[20] was approved, and in July of 1998 the Law of the Investment Fund for Electricity and Telecommunications was passed as well. The considerations made in these laws emphasize that "electricity and telecommunications services are determining factors in the economic and social development of the population, and it is thus necessary to dictate norms to assure the most widespread coverage of these services in all the national territory, especially in the rural sectors and among the population with least income."

The FINET was created with its own assets and administered by the Social Investment Fund for Local Development of El Salvador (FISDL). Although the legal representation of the FINET corresponds to the President of the Administrative Council of the FISDL, it will also relate to the other State agencies through the Ministry of the Economy.

The FINET has among its attributions: to subsidize the construction and improvement of the infrastructure for the supply of electricity and the provision of telephone services in low-income rural areas; subsidize electricity consumption and telephone services in low-income rural areas if these are "of communal benefit". The law considers "of communal benefit" the consumption of electricity associated with projects of extraction, pumping and re-pumping of drinking water, as well its use in buildings that provide of education and health services if they are the property or under the administration of the communities, independent of the form in which they have been constituted or associated.

In April 1997, the law was approved for the sale of stocks in the Electricity Distribution Companies,[21] on the basis of which stock participation rates for each company are distributed -- 75% for wholesale investors and the rest for workers from the sector (20%) and for sale on the local stock exchange (5%). With the approval of the Legislative Decree No. 47, CEL is enabled to fix the price of the stocks for the workers at an equivalent of 80% of their book value at the time of the transaction.

The structure of the energy sector

The Ministry of the Economy is the entity responsible at a normative level for the management of the energy sector and the CEL is the autonomous institution responsible for the generation and distribution of electrical energy in the country.[22] The CEL

[19] Based on information provided by the person responsible for the information section and library of the Legislative Assembly.
[20] Legislative Decree No. 960, February 5, 1997.
[21] Legislative Decree No. 1004, April 10, 997.
[22] Evaluation of the Infrastructure of Electrical Energy and Telecommunications by USAID, Salvadoran Mission, February 1990.

possesses and operates the country's biggest electricity generation plants, owns and operates the system of high voltage transmission, and administered the public distribution enterprises that were returned to the State in 1986 when their state-issued concession to private distribution companies of electricity ended. The CEL was also in charge of the sale of petroleum products from the private refinery (before the process of privatization of energy distribution), the establishment of electricity rates and the definition of the limits to the authority of the service companies. Related problems were managed by the Governmental Economic Committee.

The CEL constructed the four hydroelectric generating plants between 1954 and 1982, developed the high voltage transmission system that unites almost the entire country and constructed the power generation plants based on the use of petroleum products, as well as the geothermic plants. In addition to its own distribution system, CEL administered other distribution systems in the country, constituted by seven companies that participated in 87.5% of the total distribution of electrical energy. The remaining 12.5% was distributed directly by CEL.

As of May 1993, the electricity-distribution sector was composed of five companies, four of which (CAESS, CLESA, CLES, CLEA) were constituted as private companies, with CEL as the majority stockholder, while the fifth company (DISCEL) in charge of rural distribution, was organized as one of the seven managerial dependencies of CEL and, as such, was under the regime of the autonomous institutions of the public sector.

In 1996, before the process of restructuring CEL´s system of electricity generation and distribution, its total sales had a coverage of 94% of this year's energy demand.[23] The energy transmission system was the object of two widespread and exhaustive programs of reconstruction, rehabilitation and expansion during 1996 that implied a significant amount of investment by CEL to reconvert the system.

The companies that remained at the end of the restructuring process of the electricity distribution system were: the Electrical Lighting Company of San Salvador (CAESS), the Electric Light Company of Santa Ana (CLESA), Electrical Distributor of the South (DELSUR) and the Electrical Company of the East (EEO). Finally, each of these companies was the owner of a distribution network that oriented its service regionally: CAESS in the central-north region, DELSUR in the central-south region, CLESA in the western region and EEO in the eastern region. Together they absorbed CEL´s different zones of rural electrification.

At the end of 1996, the four restructured electricity distribution companies were functioning with specific profiles based on their history and areas of activity. With respect to the coverage of clients, the largest company was CAESS, followed by DELSUR, CLESA and EEO, respectively. This same order is repeated with respect to the number of people employed. CAESS provided service to the largest amount of rural population, as well as to the most industrial users.

[23] Quantity measured in Megahertz: GMh, Ibíd.

CUADRO No. 1
Structure of the electricity distribution market
1996

AREA	CAESS	DELSUR	CLESA	EEO
Number of clients	369,535	182,713	178,326	119,826
Number of employees	624	266	336	179
Millions of US $				
Sales	56.9	40.3	46.5	14.2
Net earnings	5.2	2.3	2.9	1.7
% of sales by sector of electrical energy consumption				
Residencial	35.14	39.91	33.11	57.53
Comercial	15.18	16.21	11.39	17.05
Industrial	43.37	31.21	42.30	14.62
Others	6.31	12.67	13.20	10.80

Source: Elaborated by the authors based on information from CEL.

With respect to the level of sales during 1996, CAESS registered the highest amount, followed by CLESA, DELSUR and, finally, EEO. Their net gains also maintain this relationship; CAESS registered the highest amount, representing 42.97% of the total for the four companies, followed by CLESA with 23.96%, DELSUR with 19% and EEO with 9.09%.

In terms of sales by sector, EEO registered the largest residential coverage in relative terms, with 57.53%, as well as the largest coverage in the commercial sector. In the industrial sector, CAESS registered the largest relative coverage, with 43.37%, given its dominant presence in the urban areas of the country.

The sale of the electricity distribution companies

In April 1997, the public bidding process for the sale of the companies was opened. Twenty percent of the distribution companies´ stocks would be reserved for the workers from this sector as "priority investors." The firm Dresdner Kleinwort Benson distributed information to parties potentially interested in the acquisition of majority interests in the companies of EEO, CAEES, CLESA and DELSUR and held the sale sessions on 20 January 1998. The base price was known to only six firms interested in the sale. The accountable capital of the four companies was to 1,240,364,026 colons[24] at the time of the sale.

The income from the sales registered in the exercise of the previous year (1996) and the net gains of the companies -- between four and 12.1 million colons -- represented an enormous attraction for investors, but also gave the image of the projected gains that CEL would not receive in the future with the privatization of these distribution companies.

[24] Based on NOTICEL and the Financial Section of La Prensa Gráfica, in an article published on January 20, 1998: "Venta millonaria de distribuidoras eléctricas".

The investment companies that participated in the sale were: El Salvador Distribution Group, ENERSAL C.A., Electricidad de Centroamérica S.A. de C.V., AES El Salvador Ltd., Unión Fenosa Desarrollo and Acción Exterior S.A/Empresa Distribuidora Eléctrica Regional S.A., ENDESAR/Energy Power Perú S.A. Each one bid on 75% of the total stocks of each company, as the other 20% were to be destined for the workers from this sector and the remaining 5 % for open sale on the local stock exchange.

According to information from January 1998, disseminated by leaders of the union of CEL workers,[25] of the 244.9 million colons in preferential stocks reserved for the workers of CEL and ES Eléctrica, who could buy from the company of their choice, 242 million or 96.8 % had been sold. This is compared with CAESS, where a total of stock worth 1.5 million colons was not sold, and DELSUR, where the equivalent of a half million was not sold, as some workers opted not to buy. [26] These stocks were sold on the local stock market.

The final sale of the four electricity distribution companies generated a total of 586 million US dollars. These companies were acquired by the following companies: CAESS and EEO were bought by ENERSAL C.A. of Venezuela for US $ 297 million[27]; DELSUR was bought by Electricidad de Centroamérica S.A. de C.V, of Chile, for US $180 million; CLESA was bought by AES El Salvador Limited, of the United States, for US $109 million.

To date there has been no official report issued that includes details as to the total income generated as a product of the privatization of these companies, the process that was followed in the sale of the stock to workers and on the open stock exchange. Information obtained from the SIGET suggests, however, that there is a department in this institution that is in charge of monitoring the process of sale and movement of stock of the distribution companies on the local stock exchange.

Principal results and impacts of the privatization of electricity

As the sale of the State companies was based on the argument of supposed inefficiency in the public administration of electricity distribution services, one would expect better quality, coverage and price of this service under private administration. However, the evaluation of the impact of this reform does not show any significant improvement in any of these three aspects.

[25] Declarations for the General Secretary of ATCEL, January 20, ibid.
[26] Ibid anterior.
[27] Sources from CEL and SIGET.

The quality of service

Before privatization, the quality of this public service was very questionable, given the low level of investment and the lack of renovation of equipment by the private concessionary companies before returning the distribution systems to CEL´s management. Although CEL absorbed the pending debt from these companies and the costs derived from their reconversion and restructuring in order to achieve the level of profitability presented in 1997 that made their sale attractive, the privatized companies have not provided better quality services.

Although there exists a regulatory and supervisory authority in charge of monitoring the service provision of the private companies, the SIGET, the users have presented demands to non-governmental organizations, such as the Center for the Defense of Consumers (CDC), manifesting anomalies that range from incorrect charges resulting from incorrect meter readings, suspension of service without prior notice, frequent interruptions in the provision of electricity and unstable dynamics in the energy flow, among other things. The principal complaint has been excessive charges.

Opinions from CAESS and DELSUR concerning the supervision exercised by the SIGET indicate that this has been reduced to audits of accounting and administrative aspects, reflecting the lack of integrated instruments for monitoring and follow up of the functioning of these companies that could be used a means of controlling the quality and efficiency of the services received by the population.

This perception is reinforced by the results of a survey carried out by one of the principal national morning newspapers, published in September of 1999, which found that 81% of the population surveyed on a national level agreed that the privatized service was not of a better quality than before.

Coverage of and access to the service

Given the lack of available information and the short time that has transpired since the privatization of these enterprises, a comparative analysis concerning the level of access and the coverage of the service would be superficial. However, there is a prevailing perception among the participants in the SAPRIN consultation workshops that there has been no increase in coverage or improvement in access, given that the major emphasis of the companies has been placed on restructuring their functioning and beginning their sustained recovery on their investments.

Although, the electricity distribution companies say they do not have a gender-differentiated data base of their users, the current structure of users registers that 80% are men and only 20% women, a fact which is related to the limited access by women to resources, home and businesses ownership.

The sectors of the population that participated in the consultation exercise, including urban and rural community council members, coincided in saying that during this period,

women from low-income sectors have been the ones most negatively affected by privatization, given their double or triple role in society (family head-income earner, housewife and participant in community events and management).

In 80% of the cases studied in the Consultation Workshops, women had to increase their domestic workload by at least 20% (three additional work hours), in order to substitute or save on their use of electricity. This negatively influences their quality of life and increases inequality between men and women.

Price of the service

The increase in electricity rates is evident if we compare the increase that occurred in the decade of the eighties (12.20%) and in the nineties (86.76%), as there has been an increase of more than 700 %. This situation has become more dramatic since 1995.

The variation in the rates during the period of "modernization of the system" (1996 to 1998) has affected the population in different ways depending on consumption levels. In this period there was an average increase of 47.2% in the lowest consumption user group, compared with 24.3% among the highest users, which means that the largest part of the population, which is in the lowest consumption group, has been the most affected by the increases in the electricity rates.

Doing a disaggregated analysis of the variation in the rates of each of the companies, we find that in the lowest consumption groups, EEO and CLESA registered the highest levels of tariff increase -- 50.1% and 46.1% respectively -- while CAESS registered the smallest increase, of 28.6%, although this increase still impacts the population with the fewest resources, included in the groups with the least electricity consumption.

This situation contrasts with the variation in the rates that have been registered for the highest consumption groups. For consumers of 550 kwh, involving a small number of clients that are mostly large industrial, commercial and service enterprises, there has been a net tariff reduction. CAESS, for example, reports a reduction of 6.5%. These businesses benefit from their capacity to change from one provider to another, given their high levels of consumption.

The impact of the privatization of electricity distribution on the lives of men and women of different ages is evident and results even more severe when we relate this with the situation of poverty in which the majority of households live. Official figures indicate that 234,000 households are not capable of meeting even their most basic nutritional needs and that, in terms of income distribution, 20% of the richest households receive 50% of total national income, while the poorest 20% receive only 5%.[28]

A special case has occurred with the rural communities that were involved in what is known as PLANSABAR, Plan for the Supply of Drinking Water to Rural Communities, where the use of electricity was subsidized by the public sector so that these communities

[28] Ibíd.

could afford to pay collectively through their community organization for safe drinking water. With the privatization of the electricity distribution, they were seriously affected as they faced an increase in electricity costs of between 200% and 300%.

This unfortunate situation related to electricity rate increases occurred even though Article 23 of the FINET law states that this fund would subsidize the payment of such services for communities. This problem was not regulated nor was the subsidy provided opportunely by the responsible agencies of the central government. This situation has generated conflicts between the communities and the electricity distribution companies that require payment of service charges at the market rate, under the threat of service suspension. Although this situation has led to the generation of a movement of organized rural communities which, with the support of non-governmental organizations like the CDC, has been pressuring for a solution to this problem, there has been no solution to date.

Efficiency in service provision

The privatization of electricity distribution aimed to increase the savings of the State through an increase in efficiency, the increase in rates for public services and the elimination of subsidies for low-income users. However, two years after the sale of the electricity distribution companies, the promised increases in efficiency are questionable.

The expected savings from the privatization of this service result fictitious, given the costs of reconversion and the functioning costs that the creation of the SIGET have implied. Also, in order to guarantee the provision of electrical energy services in non-profitable areas, subsidies have been maintained for the privatized companies that are financed with public funds. Given these conditions, any argument that looks to justify the efficiency of the privatized service providers is unsustainable.

With respect to the subsidies, the initial intention was to suspend them gradually in the lapse of one year, with the goal of reconciling the prices with the real operating costs of the distributors. Under the initial agreements between the SIGET and the four distribution companies, taking into account the minimum profit level that introducing electricity to rural and marginal urban areas represents for the companies, the State created a special fund to finance this type of increase in coverage. In addition, the subsidy for groups of low-consumption residential consumers has continued to be financed by the State, given that the companies' commercialization costs lead to a drastic increase in rates.

As a second overall objective, privatization aimed to improve the cost effectiveness of public investment and revise the priorities in the public investment plans. This is contradictory, however, given that the income from privatization of electricity distribution has been oriented primarily to cover operating costs of the central government. In addition, a cost-benefit analysis of the privatization of this service shows only a questionable positive effect in the public finances, given the costs of supervision

and the continued social subsidy, although it is still very premature to measure this quantitatively.

Reduction of the State and the promotion of competition

With respect to the objective of reducing the size of the State, it is worth pointing out that with the privatization of electricity distribution, a significant number of workers were forced into the private sector. At the same time, however, other public-sector institutions expanded their number of jobs and the State was forced to create new institutions in order to play its new role within the electricity sector (SIGET and Funds for subsidies). As a result, there has been a significant reduction in the size of the public-sector work force.

In relation to the intention of opening the market and the permitting the free movement of clients between the four companies in competition in the country, the results are minimum given that the clients in dispute between companies are those who have mobility that allows them to opt for one or another of the four companies. These clients represent only 20% of the energy users and include mostly big industrial, commercial and service businesses, for which it is profitable to invest in mobilizing equipment and operations to other zones of the country in order to use another service provider. The remaining 80% of users do not have any possibility of mobility and thus cannot change providers even though they might have serious problems with the service they are receiving. This represents an important challenge for free competition, which was one of the central objectives of this measure.

In contrast to the first generation of economic reforms that have been widely criticized for lack of transparency in their management and implementation, in this second generation there has been more public debate. The most generalized perception of the consulted population is that the measures implemented, the regulatory framework, the functioning of the SIGET, the criteria for supervision and the regulation of electricity rates, among other things, were not informed nor are they sufficiently known by the public. Many social sectors continue to perceive a lack of transparency in the management of these processes and a total lack of participation of civil society in the decisionmaking processes and their orientation.

Repercussions in the productive and reproductive capacity of women and men

In addition to the productive area of the economy, reflected in the system of national accounts, there is also an area where the material living conditions that make human subsistence possible are reproduced. This reproductive area is considered feminine, even though males participate as well, due to socialization and the ways in which being male or female are constructed in our societies. This area is not considered as a generator of economic value despite its contribution to the functioning and viability of the economic system.

Members of the household invest dozens of hours in this area in order to make the reproduction of material living conditions possible. This functionality in the organization

of social life reflects what is called the "double role" in the case of women who, besides providing income (when they have paid employment), work in the home in the reproductive sphere.

The work in the reproductive sphere is also affected by the economic measures implemented under the Structural Adjustment Program. Measures like the privatization of electricity distribution create the need, addressed primarily by women, to substitute other energy sources, such as firewood, for electricity, implying more hours of domestic work and/or an extension of the hours of productive work in order to obtain more income, in order to pay the higher rates.

The results from the consultation workshops,[29] suggest that the amount of domestic work for women has increased in the last year by 20% to 30% as a result of the observed increase in rates for public services and in the price of basic goods.

Although this implies a decrease in the quality of life for both women and men, the situation is even more dramatic for women who now have less time to dedicate to rest, recreation or personal development. This is precisely because they carry out activities related to the reproductive area that are not valued economically but are essential for the reproduction of individual and social life.

Repercussion in the situation of natural resources and the environment

Measuring the impact of this reform on natural resources and the ecological situation of the country is difficult, given the scarce or almost non existent information concerning the environment, the lack of a system of economic valuation of environmental services and the lack of quality indicators that would permit us to visualize its repercussions and impacts in this area.

The concern for the future of water resources was expressed in different parts of the consultation process with various sectors in the SAPRIN exercise, especially the threat that the population perceives concerning a process of privatization of drinking water services that is in progress. Faced with this threat, various participants expressed the need to construct alternatives to this measure in terms of the development of a National Policy for the integral management of water resources.

In the case of the distribution of electricity, the impact on the environment has been indirect, but not for this reason less important to take into account. The qualitative information from the consultation workshops indicate an increase in the overall consumption of firewood related to the increase of electricity rates,[30] which translates into an important pressure on the existing natural resources and the environment, given the high level of deforestation nationally and also the contamination from burning

[29] Minutes from workshops concerning productive and reproductive work carried out by the MAM., Women's Secretariat of CRIPDES and FUNDACAMPO.

[30] If you take into account that based on the last national population census in 1992, almost 50% of the energy used to cook food is from firewood.

firewood that affects the health of the population and is reflected in the increase in respiratory infections.

General reflections in the face of the privatization

We propose changing the regulatory framework for the supervisory agency in order to ensure an integrated management of the supervision process from an integrated perspective and using indicators of efficiency that serve to guarantee the quality of the service and the increase in its coverage using criteria of social equity. This process must go beyond simple controls and accounting audits of the companies, or reactions to user complaints.

Furthermore, the participation of male and female workers as stockholders should be guaranteed based on a regulation that would permit them to participate in a way that goes beyond market rules and the dynamics of the local stock market. This would need to be reviewed and regulated by the SIGET.

We also propose the establishment and implementation of mechanisms of citizen participation that would permit a transparent flow of information and input from the population in the decisionmaking processes, particularly given that the privatization of electricity generation and transmission is projected to begin this year. This projected privatization of the energy sector involves the country's natural resources and the future of the men and women employed in a sector that in the majority of countries is considered of strategic importance.

Finally, and given the concern expressed in the different parts of the consultation and validation workshops carried out in the SAPRIN exercise on this theme, we propose beginning a participatory process to build alternatives to the process of privatization of public services such as drinking water provision. This will imply involvement of the civil-society network in coordination and negotiation in order to design and implement a national policy for the integral management of water resources in the country, given the vital importance of water as a substantial part of life and the ecosystem, both nationally and internationally.