



---

## Europeanisation and the Rescaling of Water Services: Agency and State Spatial Strategies in the Algarve, Portugal

**Andreas Thiel**

Division of Resource Economics, Humboldt Universität zu Berlin, Germany; a.thiel@staff.hu-berlin.de

---

**ABSTRACT:** Institutional arrangements to provide water services have been reshaped extensively worldwide. This paper provides a theory-informed account of the way in which water service provision has been physically and institutionally restructured in the Algarve, Portugal over the years. Ever-expanding demands for water services by the tourism sector, along with European Union (EU) regulations and money, made the local people dependent on national policy for water service provision. Parts of the Portuguese national elite, favouring the construction of water resources as 'strategic' and 'social' goods, rather than 'economic' and 'scarce' goods, worked towards establishing national level control over water services. They became part of the state's decentralised hegemonic spatial strategy for expansion of tourism in the Algarve. The district level was constituted as a decentralised level of national resource governance. The case study shows the role of European policies in restructuring the spatio-temporal order in the Algarve and strengthening the influence of the national state within the region. The reconfiguration of the water sector in Portugal illustrates 'spatial Keynesianism' with half-hearted *mercantilización* of water services as an outcome of the juxtaposition of a nationally rooted state-led water service provision with more flexible approaches originating at the European level. A consequential outcome has been that water quality, sewage treatment, and reliability of services, have significantly improved in line with European requirements.

**KEYWORDS:** European policies, rescaling, water management, national state, sanitation, Algarve, Portugal

---

### INTRODUCTION

Both inside and outside Europe, the institutional systems through which water services are provided and regulated have been reshaped over the last two decades. Many of the underlying principles are laid down in the so-called Dublin Principles (Barraqué, 2003). As an outcome Finger and Allouche (2001) diagnose a growth and concentration process among transnational corporations in the infrastructure sector. These changes in the institutional arrangements for the water sector have been widely studied (Batterbury et al., 2006; Castro, 2004). In Europe, the United Kingdom (UK) water sector has undergone significant restructuring (Castro et al., 2003; Bakker, 2002, 2003a, 2003b; Swyngedouw, 2005), with the private sector gaining influence. In other European countries water management has remained under local and regional control, and service provision has evolved into a multiplicity of public-private partnerships (Barraqué, 2003). In many cases Saleth and Dinar (2004) found a shift from the consideration of water as a 'social' or 'free' good to its acceptance as a 'scarce' or 'economic' good. This paper considers the social construction of water resources and the reshaping of the role of the state in water service provision in Portugal during the 1990s. It also looks at the construction of water resources as a 'strategic', 'social' good that is important for national economic development, which has become dominated by economic values due to the lack of alternative sources of finances.

The paper presents a theory-informed account of the way in which water service provision has been physically and institutionally restructured in the Algarve region. In the context of Portuguese economic restructuring (Corkill, 1999), the case study analyzes the role of local and national structures and European policies in rescaling and reshaping water governance in the Algarve. The example is

considered as foreshadowing water governance dynamics now prevalent across Portugal. Governance is conceived as the complex art of steering multiple agencies, institutions, and systems, which are both operationally autonomous from one another and structurally coupled (Jessop, 1997), through the specific configurations of governmental (hierarchical) and extra-governmental (non-hierarchical) institutions, organisations and practices (Hay and Jessop, 1995).

Specifically, European environmental, regional, and Common Market policies have reconfigured the role of state actors situated at different levels of governance. These processes can be linked to Europeanisation seen as a "situation where distinct modes of European governance have transformed aspects of domestic politics" (Buller and Gamble, 2002). Olsen (2001) understands Europeanisation, in a broader sense, as including different but interrelated processes that are distinct to states that are already part of the EU, and to those that will be in the future. Swyngedouw (2000) describes it as "arguably the most radical reconstitution of scales of governance undertaken this century". The inherent "deconstruction and reconstruction of spatial scales ... reshuffles social power relations in important ways" (Swyngedouw, 2000), "and expresses changes in the geometry of social power". Physical rescaling of water service infrastructures and expanding and redistributing governance competences are key outcomes. As will become clear, European policies are only one aspect of Europeanisation that has contributed to the rescaling of governance in the Algarve. Further factors are tourism development, the reorientation of agricultural production, and changes in development paradigms and lifestyles, all of which can be linked to the position of Portugal as part of the EU. To appreciate these institutional changes we have to understand the role of actors, their agency (action as outcome of strategic reflection), and the specific structures in which the process unfolds, such as resource and institutional constraints and potential, the underlying economic dynamics and the role of the territoriality<sup>1</sup> of the Algarve within a set of contingent processes where "territory-government-power relations are melded together in scale-spanning spaces of Europeanisation" (Clark and Jones, 2008).

Critical geographers view "the production of scale as a dimension of socio-political agency" (Gualini, 2006). Scale is seen not as a "pre-ordained hierarchical framework for ordering the world, but as a contingent outcome of structural forces and practices of human agents" (Gualini, 2006; see also: Delaney and Leitner, 1997; or Marston, 2000). The principal proponents of theories regarding scale are Brenner (2004) and Smith (1984). They stress the centrality of state agency in resolving contradictions and crises in the territorial regulation of development processes (Gualini, 2006; see also Swyngedouw, 2000). Integral to the production of space, capital produces certain distinct spatial scales of social organisation (Smith, 1984). Rescaling processes are seen as 'political', involving shifts in the relationship between state and society (Gualini, 2006). Jessop's description of the state and its aims are accepted here: "[t]he core of the state apparatus comprises a distinct ensemble of institutions and organisations whose socially accepted function is to define and enforce collectively binding decisions on the members of a society in the name of their common interest or general will" (Jessop, 1990).

The case study shows the state's "dynamic nature as a condensation of power relations within society, and the various forms it takes in different historical and geopolitical contexts" (Hay, 1996). It specifically addresses the question of the scale at which authority is exercised and considers the forces that construct the level of its operation.

The way specific agents rescale water governance in the context of economic restructuring and European policy is analyzed using Hay and Jessop's (1995) strategic-relational approach. It is enriched by the consideration of territoriality and the role of the state in rescaling (Brenner, 2004). Unlike other examples, such as Spain (Bakker, 2002) and the UK (Castro et al., 2003 and Bakker, 2003a),<sup>2</sup> the case of the Algarve and, by extension, the Portuguese case in general, illustrates a configuration where

---

<sup>1</sup> As 'territoriality' we understand the spatial and physical configuration of water resources within the morphological conditions of the territory, and where they are located in relation to the spatial, quantitative and qualitative demands for water services.

<sup>2</sup> For a more general historical assessment of the Spanish case see Swyngedouw, 2005.

privatisation and deeper *mercantilización* of water service provision were avoided so far. We argue that ideologies<sup>3</sup> held by parts of the Portuguese water management elite that were in power during the period of restructuring are responsible for this development. Findings from the Portuguese case conflict with Schneider and Häge (2008) who found that more generally in Europe the state retreated from infrastructure provision (financing) in the context of Europeanisation. Expanding the scale of water services at district level, improvement in water service, and the extension of control of national actors to the detriment of the prevailing exclusive provision by local water services are the outcomes of restructuring in the Algarve. These specific outcomes are attributed to the contingent Portuguese historical setting, structural context, and the way in which specific political and administrative agents within the country moulded Portuguese water governance in the face of Europeanisation. The conceptual approach proposed here links structuralist thinking about the contradictions of capitalism with the role of European policies, specific actors and agents in the reconfiguring of water governance. It is suggested that an adequate explanation of local governance within Europeanisation has to take into account explanatory factors ranging from structuralist to voluntarist categories and, above all, incorporate their mutual conditioning and transformation at specific moments.

The next section describes and conceptualizes the setting and the principal dynamics that shaped water service provision in the Algarve until the mid-1990s. The strategic-relational approach is then described, as well as its relation with state spatial strategies/projects. In the following sections we describe and analyze actors' interactions with regard to the decisive moments of restructuring water service provision during the 1990s, and then move to the analysis of the strategic-relation account, focusing on the role of specific actors, their motivations and capacities, European policies, and agency. The conclusions summarize the findings and expand the interpretation of the case study.

The paper is based on extensive qualitative social research (Thiel, 2009). Water management in Portugal and the spatial-physical development of the Algarve are seldom treated in Anglo-Saxon literature, so the author relied on an extensive collection of primary and secondary data, including a review of grey literature, national and regional newspapers with varied political orientations, and 51 in-depth interviews with key actors. Interviewees were public, private and non-governmental personnel at all levels of governance and in the economy. They were identified and approached in part on the basis of the evolving understanding of the case derived from analysis of secondary data. Further interviewees were identified based on a snowball approach, until the point of saturation when further data collection yielded limited additional insights. The various sources and information were used within a process of triangulation in order to reconstruct the way water use has developed in the Algarve since the accession of Portugal to the EU.

### **CASE STUDY CONTEXT: TOURISM DEVELOPMENT AND EMERGING CRISIS**

The 16 municipalities (*concelhos*) of the Algarve (figure 1), comprise the southernmost district of Portugal. The area west of Faro, the district capital, is called Barlavento; east of Faro is the Sotavento. The interior of the Algarve is constituted by the northern, hilly and inaccessible 'stripe' of the Serra, and the lower Barrocal, which is delimited by a flat coastal strip, the Litoral (CLAGRHA, 1988). This morphological configuration, where a set of river basins coincides with the morphological shape delimited by the Serra and the administrative boundaries of the Algarvian district, has often been said to 'naturally' constitute the Algarve as a unified territory of coherent identity (Interview: Direcção Regional do Ambiente e do Ordenamento do Território (DRAOT), 30 January 2003<sup>4</sup>). Climate in the Algarve is temperate, with an average temperature of 17°C. Rain in the region is scant (377.5 mm per

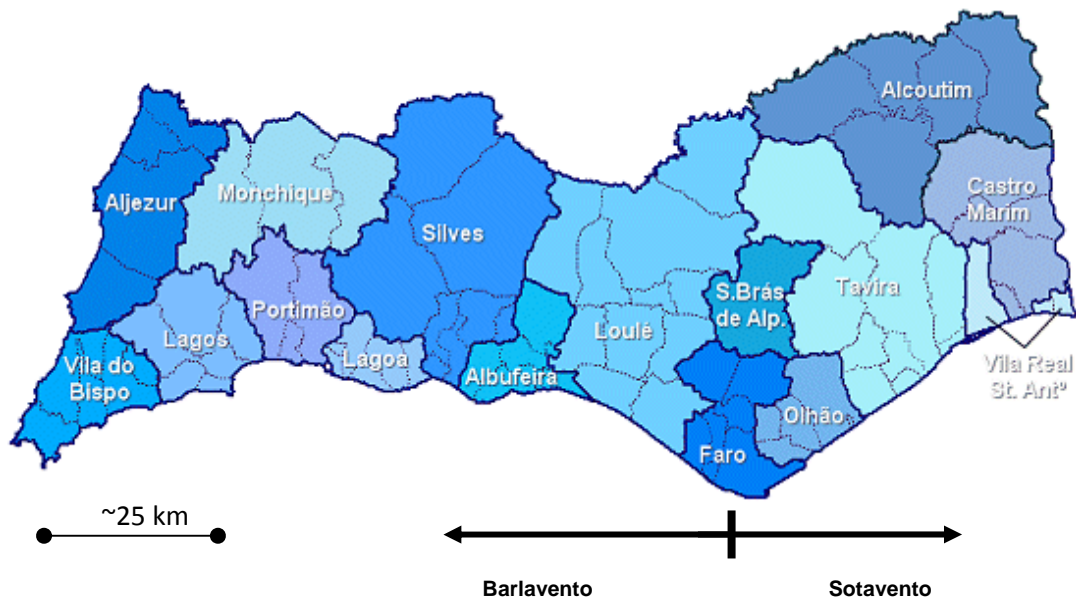
---

<sup>3</sup> We use the highly complex term 'ideology' as meaning "convictions and values – a cognitive map – which actors use to interpret the world and provide it with meaning" (author's translation from Knight, 1997). Thus, the performance of ideologies is not the subject of this evaluation.

<sup>4</sup> Interviewees were promised anonymity.

annum) and varies strongly within and between years (CLAGRHAA, 1988). The main river system consists of numerous small streams which almost dry out in the summer months, constituting the hydrographic region of the Ribeiras do Algarve (MAOT, 2000). Aquifers are unequally distributed (COBA, 1994). The largest aquifer is situated in the Barlavento with some smaller ones that are located in the Litoral (MAOT, 2000).

Figure 1. The *concelhos* of the Algarve.



Source: adapted from Instituto do Ambiente, downloaded from CCDR, 2005

With the construction of Faro airport in the mid-1960s, tourism started to expand the economy of the Algarve and grew alongside existing subsistence agriculture, the previously dominant economic sector (MAOT, 1999). After the overthrow of the fascist dictatorship in 1974, socialist modernisation promised prosperity for peripheral regions. For the Algarve, a regionally integrated scheme of four dams (Integrated Surface Water Supply System – Sistema Integrado de Abastecimento de Aguas Superficiais [SIAAS]) was revived to provide water for irrigation (Ministério das Obras Públicas, 1973; DGRAH, 1980; Carvalho et al., 1988; Cunha Serra and Guerra, 1988). Initially, the SIAAS had been developed at the end of the 1960s when, still under the fascist regime, the '*campanha do trigo*' (campaign for wheat) aimed to meet the nutritional needs of Portugal's population. After the revolution, the lack of finances made the scheme unrealistic. With the adoption of a new constitution in 1976, local authorities were made responsible for water supply, sanitation, and land use management (with an exclusive right and duty to provide water supply and sanitation services) in the Algarve within the quality standards set by the national administration. The municipalities were also to collect charges (CLAGRHAA, 1988; Bau, 1989; Magone, 1997).

In the 1970s, the intensity of agricultural development led to a lowering of water tables and pollution of aquifers due to the use of fertilisers and pesticides (see for example: Tengarrinha da Costa, 1982; DRAA, 1981; CLAGRHAA, 1988; Correia da Cunha, 1982; Oliveira Baptista, 2001; Interviews: INAG, 10 February 2003; LPN, 7 February 2003; DRAOT Algarve, 30 January 2003). Tourism boomed, concentrating on the coastal strip in the Barlavento. Municipalities favoured tourism development as it secured higher employment and revenue from construction taxes (Figueira, 1988; CCRA, 1985, 1990a, 1990b; Baptista Coelho, 1986). Nevertheless, the development trajectory was not embedded in

strategic land-use or infrastructure planning (CCRA, 1992; Bruno Soares, 1996). Problems of water supply and sanitation emerged as the drilling of wells was not controlled and, as a result, over-exploitation led to salinisation and pollution of coastal aquifers. The control of water use was not effective either at local or district level (CCRA, 1985; CLAGHRAA, 1988). Sewage water was only partially collected and then insufficiently treated. Soon the reputation of the Algarve as a tourism destination suffered, which was portrayed as a serious threat to regional prosperity (PRTA, 1994; Correia, 1995).

Although 90% of the water supply was drawn from aquifers, public administrators principally studied the exploitation of surface waters. This situation only improved under the influence of international development agencies (Nunes Correia, 1991; DGRAH, PNUD and UNESCO, 1981; Interview: DRAOT Algarve, February 2003). The SIAAS was reoriented in the mid-1980s to provide water for tourism instead of agriculture, which had started to decline (Pinto Guerreiro, 1993; Interviews: INAG, 13 May 2003; INAG, Lisbon, 28 May 2003). Nevertheless, the National Water Authority (*Instituto Nacional da Agua* [INAG]) and the Regional Coordination Commission (CCRA) did not succeed in bringing together the municipalities within an independent regional association that would finance and operate the infrastructure necessary to connect the four dams of the SIAAS, and integrate water distribution networks across municipalities. Nevertheless, because of the looming water crisis, INAG built the Beliche dam in Sotavento. After accession to the EU in 1986, Portugal became subject to European directives for water supply. The Drinking Water Directive (EEC, 1980) and Bathing Water Directive (EEC, 1976) needed to be implemented. In the Barlavento, the Funcho dam started to be built relying on European regional funds that became available after the accession of Portugal to the EU (Interview: INAG, 10 February 2003).

At the beginning of the 1990s, tourist numbers slumped and profits decreased. Local and regional actors started to worry about the viability of the regional economy. The quality of the tourist destination in terms of basic infrastructure, quality of accommodation, and tourism facilities were considered too low (CCRA, 1985, 1990a; Figueira, 1988; CEAL, 1992; Campos Correia, 1988, 1989). Regional actors called for a "quality tourism strategy" (CEAL, 1992) (luxury accommodation and facilities, golf courses and marinas) to increase profitability. Several years of drought further highlighted a deficiency in water supply and this persistent problem cast serious doubt on the "quality tourism" strategy. Specifically, Albufeira, the principal tourism council, where water had been rationed on several occasions, called for a "regional" solution (Bernardo Cruz, 1990). This 'crisis-prone' context provided the background for introducing far-reaching institutional and physical restructuring ('rescaling') of water service provision in the Algarve.

Offe describes such economic crises as "processes in which the structure of a system is called into question" (Offe, 1984). They can be the result of contradictions which may "destroy pre-conditions on which survival (of the economy) depends" (Offe, 1984). Extending this argument, O'Connor (1996) develops the notion of "the second contradiction of capitalism" concerning contradictions between capitalist production and external, physical, site-specific conditions (e.g. natural or water resources) which are not reproducible by capitalism. Their deterioration can therefore lead to difficulties to sustain the entire economy. Production conditions are, if at all, regulated and provided by the state, which mediates between capitalist production and non-reproducible external conditions of production. The way the state goes about the task of re-engineering production and the economy is politicised and depends on the specific local political economy. In this context, state theory is about uncovering how the destructive forces inherent within capitalism are controlled through adaptive mechanisms of the system, and how the system overcomes contradictions (Offe, 1984; Jessop, 1990, 2002).

In the light of this conceptualisation, developments in the Algarve can be interpreted as the outcome of contradictions between the accumulation regime and the external, physical conditions of production that sustain it. Expansion of tourism and temporary expansion of agriculture depleted the water resources available (second contradiction). The extra-economic spheres of regulation and enforcement, and the fiscal capacities of the central and local governments were unable to control, coordinate or expand water supply or sewerage capacity within the existing infrastructural setup.

Jessop (2002) has conceptualised a temporary resolution of contradictions through regulation as "spatio-temporal fixes". The local state may externalise costs beyond its boundaries (e.g. into the future or beyond their existing territorial boundaries) and seek to regulate the extra-economic conditions of production. Growth of contradictory forces, such as the deterioration of external conditions of production, e.g. water resources, may lead to imbalances. In the last instance, this may lead to a sustained crisis, which requires a reconfiguration of the spatio-temporal fix (Jessop, 2002). The socially constructed nature of spatio-temporal fixes provides scope for agency (local intervention) and discourse (between key actors). Thus, strategic agency shapes its structural context and is shaped by it while struggling for a reformed spatio-temporal fix. Coherence is achieved through periods of spatio-temporal fixes and reconfiguration is achieved through the social construction of "hegemonic projects". These projects provide a degree of orientation and social cohesion in attempts to establish new modes of regulation and solve a crisis. For Jessop, such hegemonic projects reproduce privileges already inscribed within the state form and, thus, serve to (re)integrate strategically significant interests. They are formulated as a general project of the population but advance specific corporate economic interests (Jessop, 1990).

In the Algarve, contradictions between the expansion of tourism and the traditional economic base in agriculture called for reform of existing physical and institutional systems (via a spatio-temporal fix) to secure future economic development in favoured directions. Water governance had hardly changed since the fascist period and was still geared towards subsistence agriculture. Local authorities possessed the formal competencies but not the technical and fiscal capacities to respond to economic demands for water services or to provide better infrastructures. Also, they did not have the competence to seek additional financial resources beyond their territorial boundaries or make bids for additional surface water supply. Additionally, the municipalities were opposed to centralised intervention. For most municipalities, the quality of water services was not a priority and the prospect of rising charges threatened the success of ruling groups in elections. Resource and overall independence were emphasised in order to avoid additional costs beyond the capacity of municipal control.

From the perspective of the Portuguese central government and the tourism-dominated municipalities, this configuration of existing physical conditions of production within the Algarve would not sustain future economic development. However, until the beginning of the 1990s the contingencies of costs and benefits and lack of competencies to implement institutional and physical restructuring made coherent action impossible. Additionally, the desired shift towards quality tourism would lead to greater water demands and require substantial additional supply (CCRA, 1985, 1990a, 1990b; CEAL, 1992). It necessitated a shift in the spatio-temporal fix to sustain and expand accumulation. The limitation of tourism to coastal areas, where developers had access to aquifers for water supply, led to high densities of development in the area, so that rents decreased. In contrast, the emerging "quality tourism" agenda was associated with a promise of increasing relative rents per area, but also required extensive resort developments (including golf courses) in previously uninhabited areas. In order to sustain this kind of expansion access to large amounts of water independent from the location of aquifers was necessary (PRTA, 1994; CCRA, 1985, 1990b; Valente Oliveira, 1988; AHETA, 2000; Interview with Elidérico Viegas, Boletim Municipal Albufeira, 1992). In many of the areas, that were to be newly developed, aquifers were either inexistent or saline. The territorial expansion of the tourist area through the SIAAS promised investors and developers an absolute increase in rents all over Algarve – as in addition to lowering rents in traditional mass tourism areas ("equalisation": Smith, 1984) higher rents in "quality tourism" resorts for wealthy tourists could be achieved ("differentiation": Smith, 1984). To summarise, external conditions of production were undermined by water and sewerage shortages and this constraint started to impose spatial and absolute limits to (quality) tourism development that was sought as a district-wide hegemonic project. These crisis tendencies were exacerbated and became even more dramatic during a period of drought at the beginning of the 1990s.

In the next section, this strategic-relational account of water resource management in the Algarve illustrates the selective moments through which strategic agents reformed the spatio-temporal fix.

### THE STRATEGIC-RELATIONAL APPROACH

The production of extra-economic modes of reproduction, regulation and governance, which are partly state-provided (Jessop, 2002) provides scope for local agency, strategies and tactics. The strategic-relational approach takes account of agency to analyze corresponding changes in the role of the state (Jessop, 2002). This approach is used here to reconstruct the period of the 1990s as a phase of intensified change in the Algarve. Jessop suggests, in analyzing change, that the form of institutions and their development matter. Strategies, for example, to overcome constraints on reproduction are only partly the outcome of contradictions inherent in capitalism. They are selected within a strategically selective terrain, which makes some strategies appear more viable than others (Jessop, 2002). For the case of the Algarve, we want to analyse the institutional structures determining financial and resource endowments, territorial structures, and constructed mental models/ideologies used by decision-makers to re-shape water services. The approach defines power as "the ability of actors (whether individually or collectively) to have an effect upon contexts, which define the range of possibilities of others" (Hay, 2002).

The "structure, strategy, agency approach", as the strategic-relational approach is also called (Hay and Jessop, 1995), focuses on the interrelation of structure and agency with regard to how they strategically condition and transform each other. Here the idea is grounded in a critical realist conception of social sciences (Benton and Craig, 2001). Strategies of actors are assumed to be the result of a combination of (1) practical consciousness based on intuitive, routine and/or institutionally inscribed strategies and practices, and (2) strategic reflexiveness and the availability of resources over different time horizons and spatial scales (Hay and Jessop, 1995). They are contingent on the long-term preferences and selected by the pre-existing hierarchy of territorial, social and socially constructed structures and actors' selective perceptions (see also Hay and Jessop, 1995). Path-dependency and path-shaping emerge through this kind of decision/action selectivity (Jessop, 2001). Thus, certain structures reinforce certain strategies and configurations. As an example, the spatial configuration of alternative sources of water imposes clear limitations on the way the reformed spatio-temporal fix can cater for continuing economic development. When the institutional setting does not allow specific actors to address problems that concern them, because they lack the necessary authority, financial resources or knowledge, problematic constellations can become stabilized by re-iterating a "spatio-temporal fix" (Jessop, 2001). For example, in the present case local authorities exclusively drew on aquifers for water supply because these represented the extent of their control, but had to rely on the national level when the coastal water crisis became imminent.

Based on an in-depth empirical understanding, the paper now reconstructs how and why interactions of key actors shaped water service provision (i.e. water supply to households, and collection, treatment and discharge of sewage water) to the population and the means that were employed. In order to sharpen the analysis, a distinction is drawn between different forms of power: legitimating (power to appoint an actor for a specific position); authoritative (legitimate authority to act); regulatory (capacity to draft and adopt regulations that grant other powers); financial and physical (financial means and the control of the means to physically shape water use); and socially constructive capacities (holding and producing societal knowledge, and including the shaping of perceptions, e.g. via the media, science, or direct face-to-face interaction). These various forms of power overlap and interrelate.

Following Brenner (2004), we conceptualise the strategic-relational reconfiguration of water service provision in the Algarve as a "state spatial process". In this regard, Brenner (2004) writes that

[t]he spaces of state power are not simply 'filled', as if they were pre-given territorial containers. Instead, state spatiality is actively produced and transformed through socio-political struggles at various geographical scales. The geography of statehood must therefore be viewed as a presupposition, arena, and outcome of evolving social relations.

Swyngedouw makes the link to the question of scale more explicit. He writes that states are produced historically, as an outcome of "continuous reshuffling and reorganisations of spatial scales [that] are integral parts of social strategies and struggles for control and empowerment" (Swyngedouw, 2000). A "state strategy" may be formulated to mobilise "state institutions to influence geographies of accumulation and political struggle" and "mould the geographies of industrial development, infrastructure investment, and political struggle into a 'spatial fix'" (Harvey, 1989). To describe their purpose, Brenner refers to "state spatial projects" as "attempts to differentiate or integrate state institutions and policy regimes across geographical scales and among different locations within the state's territory" (Brenner, 2004). They are a spatial variant of "hegemonic projects" that instil a degree of internal unity and cohesion in discourse and define the community whose interests are to be managed by the state. They reproduce and regularise capital transactions and relations, including extra-economic conditions of production, and help to balance institutions and forces within the economy.

In the next the interaction of principal actors (their orientations and capacities) that followed the emergence of crisis tendencies at the beginning of the 1990s are described. These interactions took place in two 'episodes': during the reshaping of drinking water provision between 1993 and 1994 and during the reshaping of sanitation between 1998 and 2001. Physical restructuring of water systems in the Algarve unfolded continuously between 1994 and 2006.

### **Restructuring in the first half of the 1990s – water supply**

At the beginning of the 1990s, INAG initiated SIAAS (CCRA, 1990a; COBA, 1994; Soares Alves et al., 1992). Several (a) territorial, (b) discursive, and (c) institutional moments led to the selection of the SIAAS as the preferred option for restructuring water service provision. SIAAS was selected to provide for water because, for key actors, it seemed an ideal solution for provision of ubiquitous access to abundant water with the additional advantage of a positive effect on building and land rents. Second, because of its reliance on large dams, it was argued to allow economies of scale and network economies (Luz and Brito, n.d.). Third, dams were preferred as a less complex engineering response compared to the exploitation of aquifers (Nunes Correia, 1991, 1998; Interview: DRAOT, 3 February 2003). Fourth, surface water projects, then and today, especially in the Algarve, have greater symbolic and therefore political value (Cartaxo, 1998; Elisa Ferreira, Minister for the Environment, quoted in *Diário de Notícias*, 5 November 1995). Fifth, in terms of institutional structures, and on the basis of the existing distribution of professional/political competencies, surface water reliance empowered the supra-local level and INAG. That route thus made local authorities dependent on central agencies for water provision. As a side-effect it also created an additional channel for the Ministry for the Environment at the time to influence local authorities and their policies in general and thus limited their independence. Greater control over municipalities was desired by the central government for several reasons: the Ministry for the Environment is responsible for environmental regulations and their implementation could be ensured through 'national institutes' such as INAG and their regional representations (e.g. CCRA, DRARN: Direção Regional do Ambiente e dos Recursos Naturais). Central government motivation was to provide water services of a high standard, facilitate economic development, and implement legislation. Pressure had been mounted by environmental non-governmental organisations (NGOs) (Interview: Universidade Técnica de Lisboa, 12 February 2003), the Directorate General (DG) Environment of the European Commission and the tourism sector to achieve the standards set by the EU Drinking Water Directive. Nonetheless, INAG had little confidence in the technical capacities of the municipalities to achieve this outcome given their lack of competency in generating and managing water supply and sanitation (see description above). Therefore, the central



government wanted to gain greater control over local water delivery. Implementing delivery of water to municipalities, where they were under national control, by shifting to a surface water supply strategy secured this type of central influence (Cunha Serra, 2003). INAG used its influence on the government's national regulatory and financial capacities, and its extensive financial, physical, socially constructive and authoritative capacities to this end. Sixth, the European Commission's DG for Regional Policy recommended using the cohesion funding in the period 1994-1999 for improving water services. The criteria for co-funding specifically favoured the SIAAS and led to its selection. Projects needed to exceed a minimum investment and be ready for implementation within a short period of time (Cunha Serra, 2003). Moreover, the SIAAS, with the geographical configuration of the most significant streams in the Algarve and the morphology of its territory, predisposed selection of a project covering the whole of the Algarve. It, therefore, enabled equalisation of water services at the district level while respecting European standards.

The SIAAS provided a decentralised (from district level downwards) state spatial strategy as an important element of the emerging state spatial project concerning the restructuring of the national water sector. It was selected for structural reasons of the state and extended the reach of the central government to the local level by reinstating central power at the district level. It served the territorial and economic development and integration of the Algarvian policy community and population. As a hegemonic project it mobilised a larger resource base for quality tourism as an Algarve-wide accumulation strategy and made most key actors in the area adhere to it. Yet, implementing equal drinking water standards across the region through the SIAAS was not always guided by efficiency criteria. Alleged network and scale economies were never proven in fact, as exact costs and benefits were never calculated or compared to more localised solutions (e.g. the construction of numerous small-scale dams which, for example, were proposed by NGOs at the time). In particular, some experts doubted that the multimunicipal system was the most cost-effective solution for more distant municipalities to which water had to be pumped (Interviews: INAG, 26 May 2003; Câmara Municipal de Albufeira, 27 January 2003; AMAL, 28 January 2003). Still, all municipalities had to be incorporated, including the ones that were remotely located. Territorially disjointed solutions would have undermined the state spatial project, which unfolded at the national level (see below in this section), and the rescaling of water management as a strategy to achieve it. In addition, national government would not have gained strategic influence over these councils and the way they provided water services, had a piecemeal approach been adopted. An important aim of the government was equalisation of prices and service standards throughout all municipalities and the provision of a ubiquitous, sufficient water supply, principally for (coastal) tourism development. We argue that economically poorer municipalities in the interior, where water scarcity was less problematic and where more localised solutions may have been more viable, were included in order to justify a scheme that principally served the hegemonic tourism economy, and granted the project the character of a state spatial project. Private sector involvement in more localised solutions could have led to 'cherry-picking', disintegration, and unequal service standards and, thus, threatened central control over water service provision and the decentralised state spatial strategy. It is for this reason that the state opposed alternative options. As a national policy the Ministry regulated for the institutional construction of multimunicipal systems (Luz and Brito, n.d.; Decree Law 379/93 of 9 November 1993). These comprised projects involving at least two municipalities, where multimunicipal water supply systems (*em alta*) would deliver bulk drinking water to *em baixa* systems, which would then distribute drinking water to consumers. Municipalities would run *em baixa* systems so that their competencies were not touched. The *em alta* system would charge the council for the water it delivered and would guarantee a certain quality standard. Concessions for these *em alta* systems would be awarded to the national water company in public ownership, Águas de Portugal, through a parliamentary Act.

At the national level, the argument against water service provision through private, supra-local companies in national public ownership gained the character of a (national) state spatial strategy, which overlapped with the (decentralised) state spatial strategy evolving in the Algarve. National level

restructuring of the water service sector has to be viewed in the context of an emerging discussion on privatisation of the sector. In an attempt to fend off private sector engagement, INAG and the Ministry constructed water as a 'strategic', 'social' resource (Leite Viegas, 1996; AMAL, 2001; MAOT, 1999; CCRA, 2000; Amilcar Theias, Minister for the Environment, quoted in *Jornal de Notícias*, 9 March 2004). Its role in economic development was stressed as was the need to improve water service standards across Portugal as a whole, including the interior of the country. What appear to be ideological reasons were given for this national approach. First, returns from the water sector were to be kept in national hands, instead of being 'reaped' by multinationals. Second, while water provision was to be profit-oriented strategic decisions on the quantity and quality of water services, their geographical distribution, social components of water service provision and improvements in poor councils, were to follow national political interests and preserve the strategic interests of the national economy, rather than the interests of private capital. Third, the state spatial strategy is specifically illustrated. Equal service standards across all of Portugal were to be achieved, reinforcing the territorial coherence and unity desired by the central state and requested in European water directives. Improvements of poorly performing municipalities should and could be cross-subsidised by richer municipalities within the strategy. Institutional and, to some extent, physical unification was deemed necessary in order to grant national control over local water service provision. Fourth, it was argued that such strengthening of the national water sector could open doors for Portuguese private sector enterprises in international markets in the future (Água, 1999). Therefore, also at the national level, efficiency was a secondary criterion in the technical design of infrastructures and the strategic, social role of water provision was emphasised. Accordingly, private sector involvement was marginalised.

In the Algarve, the scheme was implemented as follows: the Regional Coordination Commission together with INAG and the environment and finance ministries negotiated the foundation of a private company in public ownership with the municipalities (technical specification, decision-making roles and share of each partner, the formula determining the payment to be made by the municipalities and their minimum consumption levels) (Campos Correia, 1988; Interview: Águas do Algarve, 21 January 2003). The Commission was to obtain the development concession for implementation of the infrastructure projects and operation of the multimunicipal system (Soares Alves, 1997; Soares Alves et Ascenso Pires, 1997). While some municipalities depended on additional water and better quality water to sustain their economies, marginalised and 'lower-demand' councils felt disadvantaged by increased prices for the procurement of water through SIAAS, in comparison to the continued use of local aquifers (e.g. Monchique, Aljezur and Alcoutim) and they feared a public backlash in elections. For example, Albufeira strongly welcomed the scheme (Interviews: Águas do Algarve, 21 January 2003; Câmara Municipal de Albufeira, 27 January 2003; Águas do Algarve, 20 May 2003), while Silves, the neighbouring water-rich council, showed significant resistance, not least because future tourism development in Silves was limited. In order to maintain the territorially coherent character of the SIAAS as a decentralised state spatial strategy and overcome the opposition of interior municipalities, the government elevated the European Drinking Water Directive as an instrument of action and controlled funding for the water sector to the SIAAS and the new water companies (as a policy 'stick'), and used side payments from European funds (as a policy 'carrot') to make municipalities adhere to the scheme.

In 1994, the Ministry for the Environment awarded the concession for the multimunicipal system to Águas do Barlavento and Águas do Sotavento (Soares Alves and Ascenso Pires, 1997). Thirty-six percent of the project was controlled by the municipalities and 64% by the national water company, AdP. The latter is steered by the Ministry for the Environment. The regional companies implemented the infrastructure elements of the project by using 80% of the European financing available up to 1999 (Soares Alves and Acenco Pires, 1977) (see the system in figure 2). By 2001, the interconnected system provided significant improvements in water quality and availability in the Algarve. The two implementing companies were merged on 5 August 2000. Meanwhile, the tourism and golf sectors in the Algarve expanded significantly in prospect of ubiquitous and abundant water supply.

Figure 2. Multimunicipal system to supply water in the Algarve.



Source: Águas do Algarve, S.A. (2007)

### Restructuring at the end of the 1990s – sanitation

At the end of the 1990s the Ministry for the Environment and INAG decided how to spend cohesion funds under the third Community Support Framework, covering the period between 2000 and 2006. The new socialist environment minister aimed to strengthen and extend the state spatial project through improvements to sanitation. In order to implement the Urban Wastewater Directive in 1998 (EEC, 1991), the Minister for the Environment initiated the Plano Estratégico de Abastecimento de Água e de Saneamento de Águas Residuais (PEAASAR) (Strategic programme for water supply, sanitation and wastewaters) (Interview: Águas do Algarve, 20 May 2003), which offered a national strategy for both water supply and sanitation by dividing the whole national territory into multimunicipal systems. The latent intention of this project was to have these companies run by Águas de Portugal, which would grant the government strategic control over water services across the nation. Sanitation was to be integrated into the preexisting multimunicipal systems for water supply. Municipalities would collect sewage water (*em baixa* system) and pass it on to the multimunicipal company, which would charge for its treatment and discharge into the sea (*em alta* system).

Sanitation was tackled as a second national priority, after water supply, which has traditionally received more attention in Portugal (CLAGHRAA, 1988; CCRA, 2000; Nunes Correia, 1991, 1998; Cunha Serra, 2003). Also, the fact that a functioning system for sanitation was just as vital as water supply for tourism development in the Algarve only gradually dawned on politicians (Interviews: DRAOT, 29 May 2003; Universidade Técnica de Lisboa, 12 February 2003; DRAOT, 19 May 2003; Câmara Municipal de Albufeira, 28 January 2003). Sewage water collection, treatment and discharge are, by the nature of the engineering, more localised than water supply from surface water sources. It depends on the geographical distribution of human activities as opposed to the configuration of water resources. The case for centralised control of sanitation was, therefore, even less obvious than for the 'naturalised' boundaries of a coherent, integrated water supply system. A (decentralised) state (spatial) strategy for sanitation at the district level was stronger than was the case for surface water supply. Sanitation depends exclusively on local infrastructure and indigenous resource endowments do not play a role in policy. Thus, coastal municipalities, which were already in the possession of significant sanitation

infrastructure, were not interested in joining a multimunicipal system. On the other hand, poorer municipalities, mostly in the interior, which did not have significant sanitation infrastructure, were more willing to accept support from a multimunicipal system.

Negotiations on the upgrading and expansion of the sanitation sector in the Algarve proved more difficult to achieve than those on water supply improvement. Municipalities perceived national interference in sanitation as a more serious breach of their territorial autonomy. AMAL (the lobbying association of Algarvian municipalities) criticised the multimunicipal proposal for sanitation (AMAL, 2001; Interviews: Águas do Algarve, 15 January 2003; AMAL, 28 January 2003) as compromising the least complex and most viable part of sanitation at local level and by excluding sewage water collection from households before treatment and discharge (which was to be left to municipalities). It calculated that costs of multimunicipal systems were significantly higher than existing costs where municipalities catered for sewage treatment and provision of sanitation. For the second time the Ministry for the Environment was forced to use its authority over the allocation of European funds to force municipalities into the multimunicipal system (Interviews: Câmara Municipal de Albufeira, 28 January 2003; Câmara Municipal de Albufeira, 28 January 2003; AEPSA, 22 May 2003; INAG, 26 May 2003). After a time-consuming negotiation process the multimunicipal sanitation system was founded in 2001 and started operating in 2006.

### **ACTORS, AGENCY AND THE ROLE OF EUROPEAN POLICIES**

The principal and most powerful actor shaping the restructuring of water service provision in the Algarve was INAG. Its principal asset was its 'monopoly' on technical know-how in the region and throughout Portugal. INAG played a key role in advising the Ministry on Infrastructure Development and shaping the strategic orientation of the sector, and influenced the implementation of regulations and spending. Furthermore, it held the authority over surface water supply. The crisis situation of water shortages at the beginning of the 1990s did not leave local coastal tourism authorities any other option but to adhere to the SIAAS and accept central state control over large parts of the water cycle. In the case of improved sanitation, where municipalities have alternative sources and systems in place, they favoured retaining local provision. The government implemented the SIAAS as a strategy to overcome the water crisis in the Algarve and as an instrument to establish quality tourism as a spatial hegemonic project that would make local authorities dependent on the nation state and, thus, allow the government to gain greater control over the water sector. The territorial configuration of the Algarve tends to predispose the district as the appropriate level of resource governance. But SIAAS tied municipalities into restructuring of the water sector at the national level, where water is constructed as a strategic and social rather than an economic resource. Consequently, restructuring played to political/distributional/economic development objectives as opposed to efficiency objectives. It was implemented as a state spatial strategy to rescale water governance and fend off private sector involvement. Rising water prices and enhanced efficiency seem to be an unintended consequence of the need to partially recover the costs of the new infrastructures installed.

Various European policies played a vital role in facilitating the reconfiguration of water governance in the way that was preferred by the national government in Portugal. The Directorate General (DG) Environment of the European Commission exercised an authoritative role by pressing for the implementation of European Directives. At the beginning of the 1990s the requirements of the EU justified the institutional reconfiguration of household water supply to implement the Drinking Water Directive. A similar situation was noticed at the end of the 1990s in the context of the Urban Wastewater Directive. In both cases local authorities lost control over crucial parts of water service provision. In that way, the national level achieved equal water service standards across the entire region, where interior municipalities 'cross-subsidised' water supply to coastal areas, while coastal municipalities financially cross-subsidised infrastructure development in the interior (sanitation).

European funds, administered by the Directorate General for Regional Policy of the European Commission (DG Regio) and allocated exclusively by national government, reconfigured financial capacities so that the state could intervene to restructure the water sector physically and institutionally. They accounted for up to 80% of the majority of national infrastructure investments in Portugal. Middlemas (1995) writes that funds were awarded as compensation for Portugal's adherence to the common internal market in 1992. Officials in the DG Regio seemed to favour the national level to guarantee water service improvements that secure economic development in the region. DG Regio also co-financed other infrastructures and measures that supported quality tourism and economic development. In this way, it played an important role in constituting quality tourism as a district-wide hegemonic state spatial project and promoted its development.

The case of the Algarve shows how EU funds compensated for negative effects of European integration on the local environment and economy (Vanhove, 1999), and prepared a new spatio-temporal fix. EU funds contributed to institutional changes as they were conditional on compliance with European regulations. In consequence, in the 1990s the Portuguese administration introduced water planning, licensing, and pricing with regard to extraction and pollution. On its own, the Portuguese state would probably not have been able to implement these institutional reforms (Syrett, 2003; Interviews: Águas do Algarve, 21 January 2003; CCR Algarve, 21 January 2003; DGDR, 16 May 2003).

Finally, the state spatial strategy involved in the restructuring of water services at the national level has to be viewed in the context of the common internal market, to which Portugal committed itself in 1992. Under common market regulations public tenders had to be open to foreign companies. They appeared as a source of finance for upgrading infrastructure, as required by DG Environment of the European Commission. Opposed to private sector participation, key figures in INAG together with the national government struggle over defining water as 'strategic resource', i.e. part of a state spatial strategy and instituted multimunicipal systems to uphold this rationale. Instead of allowing foreign investors in, they used European funds to establish a publicly owned national company to cater for equal service standards and to champion Portuguese industry abroad. The Portuguese association of private water companies complained to the EU that concessions for multimunicipal systems should have been subject to an open call for tender (Quinhones Levy, 2002). Consequently, European funding was withheld until the Portuguese Government agreed to a greater role for the private sector. Nevertheless, until today, this has hardly had any effect and, at present, the national, publicly owned water company dominates the sector. Nonetheless, the most recent strategic plan for the sector (second PEAASAR project) suggests greater private sector participation *em baixa*, which depends on the competency of municipalities.

In addition to the interaction of actors, their motivations and capacities with their strategically selective contextual terrain, we argue that agency, understood as the scope for choice within this configuration, made an important difference to the way water service provision was reshaped in the Algarve. A case is made here for continuity of staff at the national and regional level in state policy-making and for coherent ideologies held by key people in charge at specific moments in time. An overriding objective held by many of this continuously involved elite, was to maintain significant sections of water service provision under public sector control in order to improve service standards on a nationwide level and implement improved water provision to secure local economic development. As such, the ideological baggage of individuals guiding the development of the sector has hardly changed in comparison to the era prior to accession to the EU. Several examples of continuous involvement of specific agents/actors can be provided. Over time the orientations of key individuals are, nonetheless, moulded by the strategically constraining structure into which they are embedded. These key individuals are appointed by the Minister for the Environment (in a legitimating capacity). In this regard, the role of the socialist Jose Socrates, who favoured the establishment of a national water company in public ownership, must be stressed. It is assumed that he had ideological reasons for a centralising policy as well as seeking increased influence over local authorities (Interview: INAG, 26 May 2003).

As Environmental Minister, he began implementing the PEAASAR in 1998 and later, as Prime Minister, he muted discussion about the privatisation of the national Portuguese water company, AdP. Similarly, as an illustration of the role of agency in the policy process, the support of the European Commission for the SIAAS and multimunicipal systems can be partly related to strong links between seconded Portuguese officials in DG Regio that favoured the scheme, and their influence on water administrations at the district level (Interview: DG Regio, 10 July 2003).

Figure 3. The multimunicipal system for sanitation in the Algarve.



Source: Águas do Algarve, S.A. (2007)

## CONCLUSIONS

This paper has presented and conceptualised the way water service provision was reshaped in the Algarve throughout the 1990s. At the time, a water supply crisis had emerged. The physical conditions of production of water services and the way new demands were mediated by the state could not simultaneously sustain the expansion of tourism, its reorientation towards "quality tourism", and the expansion of agriculture. An expansion of the resource base and reconfiguration of the institutions governing their exploitation was required to enable the expansion of tourism, especially in areas where tourism development had previously been impossible. European water regulations implemented by DG Environment of the European Commission provided the desired standard for water service provision. In order to secure the improvement of water supply and expansion of the resource base, the Portuguese government pursued the rescaling of water services. The technical and symbolic features of the SIAAS project (a four-dam district-wide distribution system) and its relation to the capacities of INAG made it the favoured option to expand the economic base of the region. SIAAS served to equalise water service standards in the region and confirm the territorial unity and cohesiveness of the district. This district-wide state spatial strategy coincided with a national strategy which constructed water services as a strategic resource: despite opening up of the Portuguese economy to wider influences within the EU, water services should be kept in national political control and could serve as a springboard to champion the Portuguese economy abroad. The European policy of open competition in the Common Market could not overcome this orientation by the national government and administration, despite opposition

from the private sector. Instead, money from the European Regional funds enabled the Portuguese government to implement a state spatial project for water supply and sanitation at the national level (the introduction and national spread of multimunicipal systems) and the hegemonic project of quality tourism at the district level of the Algarve.

Agency plays an important part in the way these two interrelated state spatial projects are formulated and implemented. Continuity of staff in key positions and their ideological preferences at the national level and within institutions in the Algarve constructed the SIAAS as a decentralised state spatial project and linked it to quality tourism as a regional hegemonic project. The SIAAS project was revived after the revolution and as a consequence of expanding resource needs and the emerging need for a 'new' spatio-temporal fix throughout the 1990s. The Portuguese central state implemented the project in order to strengthen its role as promoter of tourism development and influence the way local municipalities provide water services in the region. Cross-subsidy of infrastructure and equalisation of water service standards were paramount aims of the strategy. So events in the Algarve, and at a national level, can be interpreted as an expression of spatial Keynesianism, whose aim is to "alleviate uneven spatial development by spreading urban growth as evenly as possible across the national territory" (Brenner, 2004). Brenner (2004) writes that state spatial projects associated with Keynesianism establish centralised, uniform frameworks of state territorial organisation. Associated state spatial strategies "channel private capital and public infrastructure investments from rapidly expanding urban cores into underdeveloped areas and rural peripheries" (Brenner, 2004), such as towards the interior of the Algarve in the present case. Water continued to be constructed as a strategic resource catering for economic and social development, as had been the case for decades. An increase in price to the user was acknowledged as an unintended side-effect of the development of a district-wide water improvement project (Interview: INAG, Lisbon, 26 May 2003).

The improvement of supply in municipalities that previously had poor water services was achieved and provided an overt justification for the scheme. Nevertheless, without the SIAAS project it would have been impossible to sustain economic expansion in the Algarve. The project was used to strengthen the role of the Portuguese central state in the supply of water services. This seems to conflict with the findings of Schneider et al. (2008) with respect to the retreat of the state in infrastructure provision (financing) in the context of Europeanisation. However, these authors also point to the significant role of agency in infrastructure decision-making. They argue that, to become effective, neo-liberal thinking about the withdrawal of the state has to fall on fertile ideological ground established principally by conservative governments and neo-liberal coalitions advocating a greater role for the private sector. This Portuguese example is confirmed by Moravcsik's (1994) claim that Europeanisation enhances national state control over key local resources and access to financial resources at the European level.

Territoriality, in relation to the institutional setting, played an important role in constituting the Algarve as a decentralised unit of resource governance. Coincidence of physical boundaries between streams and river systems and the existing administrative boundaries of the district prepared the ground for further steps in the reform of the water sector in the Algarve. It allowed the introduction of water management organised by hydrological regions, which could cover the territory of a multimunicipal system for the Algarve. Similarly, the raising of the scale of resource management and the water improvement project to the district/regional level allowed local actors, such as the municipalities and the tourism industry, to organise themselves at the district level (AHETA, AMAL). Thus, it could be argued that the initial reorganisation of water resource exploitation and management contributed to increasing the scale of dispute arenas and to the re-conceptualisation/restructuring of the policy community in the Algarve. This re-conceptualisation is also illustrated by the renaming of AMAL (Algarvian association of municipalities) as the Junta Metropolitana do Algarve (Board of the Grand Metropolitan Area of the Algarve) in 2004. This may itself be a further early sign of the resizing of Portuguese policy arenas and of material transformations in the Algarve. That wider issue will have to be analyzed in the future. Indeed, in the face of climate change and ever-expanding water demands from the tourism sector, some already see the emergence of the next phase of physical restructuring of

water supply, when rumours are being heard that the Algarve water supply system may be connected to the Alqueva dam in neighbouring Alentejo. Thus, what O'Connor (1996) termed as second contradiction of capitalism may indeed lead to further resource crises which may only be resolvable at an even higher, supra-district, scale if the administration continues to pursue a similar supply side approach as before.

The case study shows the contradictory nature of Europeanisation as a broader process which can have various translations for respective member states within the EU. In southern European coastal zones, membership in the EU promotes economic development that undermines the local resource base, as it overburdens the existing spatio-temporal fix that buttressed previous phases of accumulation. On the other hand, European policies provide the institutional and physical infrastructures that are needed to overcome emerging resource crises due to overexploitation. However, the way European policies mould national resource governance is principally determined and mediated by internal context-specific policy-making. Specifically, European regional funds provide the national level with scope to reshuffle resource provision and competencies in a way that favours its centralised aims. The Algarve provides an example where decentralised state-led spatial strategies sought to increase significance of the 'regional' or district level of resource governance. Territorial features of the Algarve predisposed an approach favouring the district level for governance of resources and economic development. This centralisation potentially makes local governance and the government less accountable to local populations. This form of institutional development initiates a supra-local association of sectoral interests. The central state-led spatial strategy which construes water as a 'strategic, social resource' resists private sector participation championed by European environmental and common market regulations (Poças Martins, 1998). National level agency and autonomy prevailed in this regard. In neighbouring Spain, the national state also maintains the key planning competence for water service provision but the nationalisation of water service provision did not occur, giving way to what Bakker (2002) called *mercantilización*. In opposition to the Spanish example and even more so to the British example (Castro et al., 2003; Bakker, 2003a) in the case of the Algarve and Portugal private sector participation (PSP) (Castro, 2004; see also Lemos and Agrawal, 2006) and the introduction of elements of *mercantilización* (Bakker, 2002) were only accidental. Where it is found it can be ascribed to withdrawal of alternative funds needed to resolve the emerging water crisis (as in the case of private financing of the Odelouca dam project in the Algarve: see Thiel, 2008) or, currently, to the formal transposition of European environmental policy requirements regarding cost recovery. Only very recently, in 2008, was new legislation for this purpose introduced. Nevertheless, it remains to be seen whether with this new legislation the state will become more serious about cost recovery or not. Thus, so far large scale PSP<sup>5</sup> and *mercantilización* were successfully avoided in Portugal and the national state expanded its reach into local authority policy-making. Effectively, this intervention strongly improved water service standards. In the Algarve, despite financial constraints, Common Market legislation, and intense lobbying for alternative policy options, the orientations of a few individuals within the administrative elite, and the territorial and historic characteristics of local institutions proved to be crucial. The water sector was organised to implement a state-led spatial Keynesian strategy which extended the national state's reach into local institutions and competencies (Brenner, 2004; see also Lemos and Agrawal, 2006). In conceptual terms, to understand the outcomes of this example of reshaped governance and the key role of the state in the context of Europeanization, we need to take account of local agency (and ideologies of key decision-makers), and the contingent historic, institutional and discursive structures within which reconfiguration takes place.

Swyngedouw has identified four phases of institutional configuration governing the development of urban water supply systems (Swyngedouw, 2005). Each of these phases characterises the role of the state in a particular way. Portugal seems to undergo the juxtaposition of "state-led public service

---

<sup>5</sup> Current estimates are that the national water company (Águas de Portugal) caters for 80% of domestic water supply and sanitation in the country (Interview: AdP, 15 May 2009).



provision" and "post-Fordist more flexible forms of state guidance and public/private interplay". As far as possible, within certain structural constraints, Portuguese power elites seem to uphold the state-led approach. It is still unclear if pressure to increase the role of the private sector seems will be bearing fruits. Nonetheless, with the nationwide adoption of a series of multimunicipal systems *em alta*, strategic control of water service provision will remain ultimately under the central state. Thus, water is seen as a strategic, social resource required to provide for national economic and social prosperity, as opposed to an economic good, whose management has to principally obey efficiency criteria (compare also Saleth and Dinar, 2004). The way key actors reshape the water sector is strongly influenced, on the one hand, by their resistance to elements of Europeanization (such as illustrated in the case study by resistance to involvement of multinationals as advocated by legislation on the Common Internal Market) and, on the other, by exploitation of European institutions (such as European funds and environmental regulations). European water politics clearly seem to favour a "post-Fordist more flexible form of state guidance and public/private interplay", as also exemplified in the more recent Water Framework Directive (Kaïka, 2003). The relatively late modernisation of Portugal, the traditionally strong role of the state, ideological predilections of the elite, which in themselves are partly linked to the aftermath of the Portuguese revolution, and the relative delay of major water projects, all played a role in explaining the contingent juxtaposition of these two historical phases.

#### ACKNOWLEDGEMENTS

The paper benefited significantly from the advice of Tim Marshall, Pauliina Raento, James Sidaway, three anonymous reviewers and the dedicated editorial team, specifically François Molle, of Water Alternatives.

#### REFERENCES

- Água. 1999. Interview with Mario Lino, Chairman of Águas de Portugal. 2009 (Yearly publication).
- AHETA (Associação dos Hotéis e Empreendimentos Turísticos do Algarve – Association of hotels and tourism enterprises of the Algarve). 2000. *Anuário 2000*. Faro: AHETA.
- Aguas do Algarve. 2007. [www.aguasdoalgarve.pt/ada/pag/sistemas/san/fPagSistemasSan\\_Geral.aspx](http://www.aguasdoalgarve.pt/ada/pag/sistemas/san/fPagSistemasSan_Geral.aspx) (accessed 27 May 2007)
- AMAL (Grande Área Metropolitana do Algarve – Grand Metropolitan Area of the Algarve). 2001. *Análise crítica da concessão do sistema multimunicipal de saneamento do Algarve*. Mimeo.
- Bakker, K.J. 2002. From state to market? Water mercantilization in Spain. *Environment and Planning A* 34(5): 767-790.
- Bakker, K.J. 2003a. *An uncooperative commodity: Privatizing water in England and Wales*. Oxford: Oxford University Press.
- Bakker, K.J. 2003b. From public to private to... mutual? Restructuring water supply governance in England and Wales. *Geoforum* 34(3): 359-374.
- Baptista Coelho, J. 1986. Problemas do Turismo no Algarve. *Algarb, Estudos Regionais* 3-4: 55-74.
- Barraqué, B. 2003. Past and future sustainability of water policies in Europe. *Natural Resources Forum* 27(3): 200-211.
- Batterbury, S.P.J. and Fernando, J.L. 2006. Rescaling governance and the impacts of political and environmental decentralization: An introduction. *World Development* 34(11): 1851-1863.
- Bau, J. 1989. Saneamento básico – Aspectos institucionais. *Recursos Hídricos* 9(1): 5-19.
- Benton, T. and Craig, I. 2001. *Philosophy of social science: The philosophical foundations of social thought*. Houndmills: Palgrave.
- Bernardo Cruz, J.F. 1990. O abastecimento de água ao concelho de Albufeira. Paper presented at the 6th Congresso nacional do Algarve (National Congress of the Algarve).
- Boletim Municipal Albufeira. 1992. Interview with Elidérico Viegas, President of Portuguese Hotel Association (AHP), No. 24, November 1992.
- Brenner, N. 2004. *New state spaces*. Oxford: Oxford University Press.

- Bruno Soares, L.J. 1996. Do DL 69/90 a um novo ciclo do ordenamento do território. Communication at the seminar Planos Directores Municipais – Planos para a Proxima Década? Coimbra, May 1996.
- Buller, J. and Gamble, A. 2002 Conceptualising Europeanization. *Public Policy and Administration* 17(2): 4-24.
- Campos Correia, J.A. 1988. Ambiente e saneamento básico no Algarve. Paper presented at the 5th Congresso Nacional do Algarve.
- Campos Correia, J.A. 1989. Urban discharges as most important discharge problem. *Algarb, Estudos Regionais*: 9-10.
- Cartaxo, M. 1998. Barragem de Odelouca. *Revista do Ambiente* 8: 14-17.
- Carvalho, A.; Santo, A. and Laginha Serafim, J. 1988. Barragens do Funcho e Odelouca. Paper presented at the 5<sup>th</sup> Congresso Nacional do Algarve.
- Castro, E. 2004. *Barriers to and conditions for the involvement of private capital and enterprise in water supply and sanitation in Latin America and Africa: Seeking economic, social, and environmental sustainability – Final Report D 33 Oxford*. [www.prinwass.org/documents.shtml](http://www.prinwass.org/documents.shtml) (accessed 6 September 2008)
- Castro, E.; Kaïka, M. and Swyngedouw, E. 2003. London: Structural continuities and institutional change in water management. *European Planning Studies* 11(3): 283-298.
- CCDR. 2005 *Mapas Temáticos*. Electronic Resource: [www.dra-alg.min-amb.pt/index2.asp](http://www.dra-alg.min-amb.pt/index2.asp) (accessed 12 January 2005)
- CCRA (Comissao Coordenadora Regional do Algarve – Coordination Commission for the Algarve). 1985. *PDR Algarve 1986-1990*. Faro: Comissao Coordenadora Regional do Algarve.
- CCRA. 1990a. *Programa Operacional Plurifundos do Barlavento Algarvio*. Faro: Comissao Coordenadora Regional do Algarve.
- CCRA. 1990b. *Plano Regional de Ordenamento do Território do Algarve*. Faro: Comissao Coordenadora Regional do Algarve.
- CCRA. 1992. 1st Relatório sobre a implementação do Plano Regional de Ordenamento do Território do Algarve. CCRA Mimeo.
- CCRA. 2000. *Estratégia de desenvolvimento do Algarve*. Faro: Comissao Coordenadora Regional do Algarve.
- CEAL (Confederação dos Empresários do Algarve – Confederation of Algarvian Entrepreneurs). 1992. *Plano de Desenvolvimento Económico do Algarve*. Faro: Confederação dos Empresários do Algarve.
- CLAGRHA (Comissão para o Levantamento e Acompanhamento da Gestão dos Recursos Hídricos do Alentejo e Algarve – Diagnostic Commission for Water resource management in Alentejo and Algarve). 1988. *Os recursos hídricos no sul de Portugal*. (CLAGRHA), SEARN – MPAT.
- Clark, J. and Jones, A. 2008. The spatialities of Europeanisation: Territory, government and power in Europe. *Transactions of the Institute of British Geographers* 33(3): 300-318.
- COBA (Consultores de Energia e Ambiente). 1994. *Sistema de adução de água para abastecimento público ao barlavento algarvio – Estudo prévio*. Lisbon: MARN (Ministério do Ambiente e Recursos Naturais).
- Corkill, D. 1999. *The development of the Portuguese economy*. London: Routledge.
- Correia, M. 1995. *Qualidade de vida*. Algarve: Postal do Algarve.
- Correia da Cunha, J. 1982. O Algarve – potencialidades e limitações – O Saneamento básico como factor de progresso. 2<sup>nd</sup> Congresso Nacional sobre o Algarve, Balaia.
- Cunha Serra, P. 2003. Water services in Portugal. Paper presented at the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest. Coimbra, Portugal: 5-7 March 2003.
- Cunha Serra, P. and Guerra, J. 1988. Viabilidade tecnico-economica do aproveitamento hidráulico Odelouca Funcho. Paper presented at the 5<sup>th</sup> Congresso Nacional do Algarve.
- Delaney, D. and Leitner, H. 1997. The political construction of scale. *Political Geography* 16(2): 93-97.
- DGRAH (Direcção Geral dos Recursos e Aproveitamentos Hidráulicos – Directorate General for Resources and Hydraulic Works). 1980. *Aproveitamento integrado dos recursos hídricos do Algarve*. Lisbon: Ministério da Habitação e Obras Públicas.
- DGRAH, PNUD and UNESCO. 1981. *Evaluation des ressources en eau des systemes aquiferes de l'Algarve*. Lisbon: Direcção Geral dos Recursos e Aproveitamentos Hidráulicos.
- Diário de Notícias. 1995. Interview with Elisa Ferreira, Minister for the Environment. 5 November 1995
- DRAA (Direcção Regional de Agricultura do Algarve – Regional Directorate for Agriculture in the Algarve). 1981. *Caracterização da zona agrária II (concelhos de Silves, Lagoa e Albufeira)*. Faro: Direcção Regional de Agricultura do Algarve.
- EEC (European Economic Community). 1976. Council Directive 76/160/EEC of 8 December 1975 concerning the quality of bathing water. *Official Journal of the European Communities* L 31, 5 February 1976.

- EEC. 1980. Council Directive 80/778/EEC of 15 July 1980 relating to the quality of water intended for human consumption. Official Journal of the European Communities L 229, 30 August 1980.
- EEC. 1991. Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment. Official Journal of the European Communities L 135, 30 May 1991.
- Figueira, C.L. 1988. Combater dependências e atrasos, promover o desenvolvimento do Algarve. Paper presented at the 4<sup>th</sup> Congresso Nacional do Algarve.
- Finger, M. and Allouche, J. 2001. *Water privatisation*. London and New York: Spon Press.
- Firmo, S. 1986. *Possibilidades de utilização de águas residuais na agricultura do Algarve*. Lisbon: Tese Mestrado Universidad Técnica de Lisboa (UTL) – Instituto Superior de Agronomia.
- Gualini, E. 2006. The rescaling of governance in Europe: New spatial and institutional rationales. *European Planning Studies* 14(7): 882-904.
- Harvey, D. 1989. The condition of postmodernity. Basil Blackwell: Oxford and Cambridge, Mass. Cited in Brenner, N. (2004)
- Hay, C. 1996. *Re-stating social and political change*. Buckingham: Open University Press.
- Hay, C. 2002. *Political analysis*. Houndmills: Palgrave.
- Hay, C. and Jessop, B. 1995. The governance of local economic development and the development of local economic governance: A strategic-relational approach. Paper presented to the American Political Science Association. Chicago, September 1995.
- Jessop, B. 1990. *State theory*. Cambridge: Polity Press.
- Jessop, B. 1997. Capitalism and its future: Remarks on regulation, government and governance. *Review of International Political Economy* 4(3): 561-581.
- Jessop, B. 2001. Institutional (re-)turns and the strategic-relational approach. *Environment and Planning A* 33: 1213-1235.
- Jessop, B. 2002. *The future of the capitalist state*. Cambridge: Polity Press.
- Jornal de Notícias. 2004. Interview with Amílcar Theias, Minister for the Environment, 9 March.
- Kaïka, M. 2003. The water framework directive: A new directive for a changing social, political and economic European framework. *European Planning Studies* 11(3): 299-316.
- Knight, J. 1997. *Institutionen und gesellschaftlicher konflikt*. Tübingen: J.C.B. Mohr.
- Leite Viegas, J.M. 1996. *Nacionalizações e privatizações*. Oeiras: Celta Editora.
- Lemos, M.C. and Agrawal, A. 2006. Environmental governance. *Annual Review of Environmental Resources* 31: 297-325.
- Luz, B. and Brito, L. n.d. O abastecimento de água ao Algarve nas perspectivas de empresariação e regionalização. Mimeo.
- Magone, J. 1997. *European Portugal*. Houndmills: Macmillan Press.
- MAOT (Ministerio do Ambiente e do Ordenamento do Território – Ministry for the Environment and Territorial Planning). 1999. Plano de bacia hidrográfica das Ribeiras do Algarve, Anexo 2 – Análise Sócio-económica. Lisbon: MAOT.
- MAOT. 2000. Plano de bacia hidrográfica das Ribeiras do Algarve. Lisbon: MAOT.
- Marston, S.A. 2000. The social construction of scale. *Progress in Human Geography* 24(2): 219-242.
- Middlemas, K. 1995. *Orchestrating Europe*. London: Fontana Press.
- Ministério das Obras Públicas. 1973. *Aproveitamento hidráulico das bacias hidrográficas do Algarve – Estudo prévio*. Ministério das Obras Públicas, Direcção Geral dos Serviços Hidráulicos, Direcção dos Serviços de Aproveitamentos Hidráulicos.
- Moravcsik, A. 1994. *Why the European community strengthens the state: Domestic politics and international co-operation*. Working Paper No. 52. Cambridge, MA: Harvard University Press.
- Nunes Correia, F. 1991. A problemática da água no contexto do ambiente em Portugal. Livro Branco sobre o Ambiente relativo aos anos de 1987-1990. Lisbon.
- Nunes Correia, F. 1998. *Institutions for water resources management in Europe*. Rotterdam: Balkema.
- O'Connor, J. 1996. The second contradiction of capitalism. In Bentonm, T. (Ed), *The greening of Marxism*, pp. 197-221. New York: The Guildford Press.
- Offe, C. 1984. *Contradictions of the welfare state*. London: Hutchinson.
- Oliveira Baptista, F. 2001. *Agriculturas e territórios*. Oeiras: Celta.
- Olsen, J.P. 2001. *The many faces of Europeanisation*. Arena Working Papers, WP 01/2. Available at: [www.arena.uio.no](http://www.arena.uio.no) (accessed 1 March 2007)
- Pinto Guerreiro, J. 1993. Sistemas agrárias do Algarve. PhD thesis. Faro: Universidade do Algarve.

- Poças Martins, J. 1998. Serviços públicos de abastecimento de água e de saneamento. AEPSA.
- PRTA (Plano Regional de Turismo do Algarve). 1994. Faro: PRTA.
- Quinhones Levy, J. 2002. *10 anos de política ambiental. O movimento do pião*. Lisbon: Oficina do Livro.
- Saleth, R.M. and Dinar, A. 2004. *The institutional economics of water*. Cheltenham: Edward Elgar.
- Schneider, V. and Häge, F.M. 2008. Europeanization and the retreat of the state. *Journal of European Public Policy* 15(1): 1-19.
- Smith, N. 1984. *Uneven development*. Oxford: Blackwell.
- Soares Alves, M. 1997. Untitled. Paper presented at 1<sup>st</sup> Algarve Andalusia Congress 1997.
- Soares Alves, M. and Acenco Pires, A. 1997. Sistema multimunicipal de captação, tratamento e distribuição de água ao barlavento Algarvio: Uma infra-estrutura fundamental para o desenvolvimento sustentado da região. *Indústria da Água* 25: 21-27.
- Soares Alves, M.; Lucas, H.; Oliveira, A. and Brito, L. 1992. Abastecimento de água ao concelho. *Boletim Municipal Albufeira* 22.
- Swyngedouw, E. 2000. Authoritarian governance, power, and the politics of rescaling. *Environment and Planning D: Space and Society* 18(1): 63-76.
- Swyngedouw, E. 2005. Dispossessing H<sub>2</sub>O: The contested terrain of water privatization. *Capitalism, Nature, Socialism* 16(1): 81-98.
- Syrett, S. (Ed). 2003. *Contemporary Portugal*. Aldershot: Ashgate.
- Tengarrinha da Costa, M.M. 1982. A água na agricultura do Algarve. Paper presented at the 2<sup>nd</sup> Congresso Nacional do Algarve.
- Thiel, A. 2008. Traditional Paradigms meeting ecological modernisation: The contradictory double dividend of the Odelouca dam in the Algarve, Portugal. Paper presented at Berlin Conference 2008, on Long Term Policies, 22.2-24.2.2008
- Thiel, A. 2009. *Environmental policy integration and the development of water use in the Algarve since Portugal's accession to the European Union*. Aachen: Shaker.
- Valente Oliveira, L. 1988. A necessidade de planeamento regional no Algarve. *Algharb, Estudos Regionais* 7-8.
- Vanhove, N. 1999. *Regional policy: A European approach* (3<sup>rd</sup> edition). Aldershot: Ashgate.

#### LIST OF INTERVIEWS CITED

- Águas do Algarve, S.A., Faro, 15 January 2003
- Águas do Algarve, S.A., Faro, 21 January 2003
- Águas do Algarve, S.A., Alcantarilha, 20 May 2003
- Águas de Portugal, S.A. 15.5.2009
- AMAL, Faro, 28 January 2003
- Associação das Empresas Portuguesas do Sector do Ambiente (AEPSA), Lisbon, 22 May 2003
- Associação dos Municípios do Algarve (AMAL,) Faro, 28 January 2003
- Câmara Municipal de Albufeira, Albufeira, 27 January 2003
- Câmara Municipal de Albufeira, Albufeira, 28 January 2003
- Comissão de Coordenação Regional do Algarve (CCRA), Faro, 21 January 2003
- Direcção Geral do Desenvolvimento Regional (DGDR), Lisbon, 16 May 2003
- Direcção Regional do Ambiente e do Ordenamento do Território (DRAOT) Algarve, Faro, 30 January 2003
- Directorate General Regional Policy of the European Commission (DG Regio), Brussels, 10 July 2003
- DRAOT Algarve, Faro, 30 January 2003
- DRAOT Algarve, Faro, 3 February 2003
- DRAOT Algarve, Faro, 19 May 2003
- DRAOT Algarve, Faro, 29 May 2003
- INAG, Lisbon, 10 February 2003
- INAG, Lisbon, 13 May 2003
- INAG, Lisbon, 26 May 2003
- INAG, Lisbon, 28 May 2003
- Instituto da Água (INAG), Lisbon, 10 February 2003
- Liga para a Protecção da Natureza (LPN), Lisbon, 7 February 2003
- Universidade Técnica de Lisboa, Lisbon, 12 February 2003