

### **Eje III: Financiamiento e inversión**

#### **Debate Fishbowl: Financiamiento e inversión para un manejo sustentable y democrático del agua**

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**Abstract: Public finance for water and sanitation as a public service**

Drawing on empirical evidence gathered through the PSIRU database, this contribution aims at addressing the potential of public finance to enhance the provision of water supply and sanitation as a public service. It highlights the problems associated with (and the disappointing results obtained from) resort to Private Sector Participation and private finance, both historically and in the last 15-20 years, in developed and developing countries. It also addresses the advantages of using public finance as a more cost-effective and equitable instrument to achieve developmental objectives such as the expansion of service coverage and development of water and sanitation infrastructure. The potential of public operations in maximising developmental impact from the social, economic and environmental points of view is then explored referring to specific examples from a variety of countries and regions. These include the in-house restructuring of public operations to enhance transparency, accountability and effectiveness, as well as the use of Public-Public Partnerships (PUPs) to build capacity. Attention is devoted to the specific financial requirements of expanding sewerage services at global level to achieve MDGs or broader developmental goals. These requirements are revisited in light of a regional breakdown of coverage gaps, available resources and development aid flows. These findings challenge the established view among international and bilateral agencies that expanding sewerage services in developing countries is excessively costly and should be abandoned as a priority because unaffordable. This contribution draws on a number of PSIRU Reports, and particularly the following.

- <http://www.psiru.org/reports/2008-03-W-sewers.pdf>

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[http://boell-latinoamerica.org/download\\_es/agua08\\_privatizacion\\_LA\\_2007.pdf](http://boell-latinoamerica.org/download_es/agua08_privatizacion_LA_2007.pdf)

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- <http://www.psiru.org/reports/2006-03-W-investment.pdf>

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