



BRIDGING DIVIDES FOR WATER

Istanbul 2009

5th World Water Forum



WATER MANAGEMENT STRATEGIES AND PRACTICES IN ARID AND SEMI-ARID REGIONS

FINANCING

14:30-16:00

10 participants

- Financial sustainability, Financial sustainability vs. social sustainability, Financial mechanisms
- The capacity to lend is there, the capacity to borrow is not: what can the different stakeholders do to increase the borrowing capacity of service providers?



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Discussion Topics

- Water will be one of the most important commodity of 21st century
- Developed countries have solved their water management problems whereas developing countries lacking behind
- “Water management” is partially a political issue





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- Direct privatization of the sector without any regulation have failed in South America during fast privatization of the utilities in early 80's.
- Lending money is there but borrowing is a problem. Capacity to borrow is an important issue
- Water projects with high rate of return should be given a better ranking in financing
- Private sector involvement both on “Debt” and “Equity” side



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- To increase the borrowing capacity of the public utilities we have to share some equity with private sector
- To do this we have to establish “Public Private Partnership PPP” for the finance of water infrastructure (Bridging the Divides)
- PPP or liberalization of utilities first introduced on electrical energy on 80’s then in gas distribution on 90’s. Now It is the era for water systems





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- Depending on the involvement of private sector or private sector disciplines increases the borrowing capacity. Whereas tariff is another important issue

Financial sustainability vs. social sustainability

So public sector should be there but private sector helps to have more efficient water infrastructure





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Outcome

The independence of water agencies should be ensured in order to increase their credibility to benefit from the existing surplus money for credit purposes, in the global financing institutions for the funding water infrastructure and water management systems. Privatization on water management have failed in some examples in the developing countries, because it is an important political issue, “Public Private Partnership” can be a mutually agreed solution in this respect

