PUBLIC FINANCE for WASH

FINANCE BRIEF
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MUNICIPAL FINANCE FOR SANITATION IN AFRICAN CITIES

In cities in low and low-middle-income countries throughout the world, municipal budget allocations to sanitation are typically very low. Furthermore, detailed information on exactly how much money is budgeted, and how exactly it is spent, is very hard to obtain. This brief summarises recent data on budget allocations to sanitation in four African municipalities. The data is patchy and incomplete, but as far as we know this is the only published information currently available on municipal budget allocations to sanitation in African cities.

MUNICIPAL BUDGET ALLOCATIONS TO SANITATION: AN OVERVIEW

In many African and Asian cities, the municipal authorities are mandated to provide sanitation services, or some subset of sanitation services. Likewise in most wealthy countries, sanitation has historically been a municipal responsibility: in the UK, for example, most urban sewerage systems were constructed by municipal authorities, drawing on loans that were subsequently repaid through municipal taxes.[1]

In 21st-century Africa, municipal budget allocations to sanitation are typically very low. Furthermore, little hard data has been published about actual expenditure.[2] Trémolet et al. (2013)[3] carried out a desk review of municipal finance for sanitation, aiming to collect basic data on 18 major African cities, but in most cases found that "municipal officials themselves, when contacted, were not able to provide figures on financing allocated to sanitation, reflecting the fact that public spending on sanitation is not actively tracked in most cities".

This Finance Brief reports findings around municipal budget allocations to sanitation in four African municipalities: Temeke (Dar es Salaam, Tanzania), Ga West (Accra, Ghana), Nakuru (Kenya), and Maputo (Mozambique).[4]

MUNICIPAL BUDGET ALLOCATIONS TO SANITATION: FOUR AFRICAN CITIES

Current municipal budget allocations to sanitation are estimated at around 0.3% of municipal budget in Temeke, 3% of municipal budget in Ga West, and 2% of municipal budget in Nakuru. In terms of investment per capita, this amounts to about $0.03 per person per year in Temeke, $0.20 per person per year in Ga West, and $1.60 per person per year in Nakuru. Almost certainly, the per-capita spend in Nakuru is exceptionally high by African standards: this municipality currently has a progressive administration with a strong commitment to improving sanitation services.

Despite intensive efforts, it was not possible to obtain data for Maputo, because of weak internal accounting processes and no culture of budget transparency: but we suspect that the numbers are currently very low (sanitation activities are basically restricted to a single tanker that empties the septic tanks of public buildings, and some minor co-financing of donor-supported communal toilets). Responsibility for operation and maintenance of the city's sewerage system has recently been passed to the municipality, but municipal officials report that there is currently no source of revenue to finance this responsibility. This difficult situation is in line with the lack of clear mandates for sanitation in Mozambique generally.

WHERE DOES THE MONEY COME FROM, WHAT IS IT SPENT ON?

In all three municipalities for which we have relatively good data (Temeke, Ga West, Nakuru), around 20–30% of revenues are own-source revenues, i.e. revenues from taxes and tariffs raised locally (see table overleaf). In none of these cities is there currently any substantial specific revenue source that is earmarked for sanitation.

Funds invested by the municipality in sanitation are most commonly spent on construction and maintenance of public toilets, though in Temeke most of the budget is spent on demand promotion and inspection activities. In none of these cities is there a major municipality-led programme of citywide sanitation improvement.

Even in the three municipalities for which we have relatively good data, there are major gaps in the available data: for example, we have no clear data on municipal staffing costs associated with sanitation.

CONCLUDING REMARKS

This Finance Brief has aimed to give an overview of the municipal finance situation in African cities, and clearly the current picture is not encouraging. In Temeke, Maputo and Ga West the per-capita allocation to sanitation is very low, and in Maputo transparent accounts of sanitation spending are not published. All three municipalities clearly need to increase budget allocation to sanitation. In Maputo, the municipality is looking at the possibility of raising revenues through a sanitation surcharge model; in the Ga West municipality is considering a ring-fenced allocation from property tax revenues. We hope that in future we will be able to report positive outcomes of these plans.

The picture in Nakuru is somewhat more encouraging. Kenya is now going through an exciting period of devolution to local government, initiated by the 2010 Constitution. In Nakuru, the current budget allocation to sanitation is still modest, but the County Governor is strongly committed to sanitation, and Nakuru County is in a strong position to become a model of muncipally-led sanitation improvement. Again, we hope to be able to publish more detailed information in future.

	Ga West municipality, Accra	Maputo Municipality	Nakuru Municipality	Temeke Municipality, Dar es Salaam
Population	263,000 (2010 census)	1,766,000 (2007 census)	326,000 (2009 census)	1,368,000 (2012 census)
Municipal annual spend on sanitation (capital + recurrent)	US$ 50,000 (2013) = 3% of municipal budget ≈ $0.20 per person per year	[no data, probably very small]	US$ 598,000 (2014) = 2% of municipal capital budget ≈ $1.80 per person per year	US$ 43,000 (2009) = 0.3% of municipal budget ≈ $0.03 per person per year
Expenditure on sanitation, source	On-budget donor funding (Urban Development Grant program)	Not known: all revenues are shunted to a general fund	Not known: may include municipal fees and taxes, central government transfers, or on-budget donor funding	Central government transfer
Expenditure on sanitation, main uses	Public toilets in markets; school sanitation	Emptying septic tanks of public buildings; small contribution to donor-funded communal toilets; other?	Public toilets and their maintenance.	Mostly software activities (demand promotion, inspections)
General municipal revenues	Own-source revenues: 41% from property revenues (including parking and business permits), 32% from sale of goods and services, 27% from property taxes. Own-source = about 22% of total revenue.	[no data]	Own-source revenues: 36% from land rates, 12% from business permits, 9% from parking fees, 8% from plot rents. Own-source = about 20% of total revenue.	Own-source revenues (mainly from fees, charges and service levies) = about 30% of total revenue.

1 Williamson JG (1990) Coping with city growth during the industrial revolution; see also our Finance Brief 2 *Universal water and sanitation: how did the rich countries do it?*

2 Data for two small Namibian towns is reported by Fjeldstad OH et al. (2005) Local governance, urban poverty and service delivery in Namibia. Data from Temeke Municipality is reported by Trémolet S & Binder D (2013) Evaluating the effectiveness of public finance for household sanitation in Dar es Salaam, Tanzania.

3 Trémolet S, Mansour G & Gorelick J (2013) Public finance for city-wide sanitation in sub-Saharan Africa: situation review and potential problems (unpublished report for WSUP).

4 Data is from an ongoing study by the Urban Institute (commissioned by WSUP), and from Trémolet & Binder (2013); see Footnote 2. The Urban Institute research is being carried out by Urban Institute researchers Ben Edwards, Tanvi Nagpal and Rachel Rose, and in-country research associates Mark Wolfbauer (Kenya) and Abdul Nashiru Mohammed (Ghana).

PUBLIC FINANCE for WASH

The Public Finance for WASH initiative is grounded on two principles: i) that sustainable universal provision of high-quality water and sanitation services is fundamentally dependent on progressive domestic taxation systems, and that consequently ii) WASH-sector donors, donor-funded NGOs and in-country actors need to pay greater attention to ensuring that ODA is delivered in ways which support the development of effective and equitable domestic public finance systems.

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IRC Supporting water sanitation and hygiene services for life
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