GOVERNMENT INVESTMENT IN SANITATION: 2016 STATE OF PLAY

In May 2015, African leaders committed to budget allocations amounting to 0.5% of their countries' respective Gross Domestic Product (GDP) to sanitation and hygiene by 2020. Specifically, this commitment was part of the Ngor Declaration adopted at the fourth African Conference on Sanitation and Hygiene (AfricaSan) by ministers responsible for sanitation and hygiene.[1] This brief explores the context of this commitment: how much are governments currently investing in sanitation? How can this investment be increased?

COMMITMENTS AND REALITY

In 2008, the African Ministers' Council on Water (AMCOW) signed the eThekwini Declaration, promising to "establish specific public sector budget allocations for sanitation and hygiene programmes." However, fewer than half of the 35 participating countries have met this target.[2] In 2014 further pledges to increase finance and strengthen WASH budgets were agreed at the Sanitation and Water for All High Level Meeting (SWA-HLM). The SWA progress report of 2015[3] indicates weak progress on these commitments, with slow or no progress on 70% of the targets (see table below).

Country	2014 SWA HLC - Selected commitments to financing sanitation*	Progress towards eThekwini Commitment 6a** as of 2013
Burkina Faso	Allocate at least 19 billion CFA annually (USD $35 mill) to finance the water and sanitation sector. *Almost completed.*	
Congo, DR	*No related commitments.*	
Ethiopia	Secure internal and external financing to address to One WASH National Programme funding gap, increase available funds from 68% to 100% of budget by end of 2015. *Slow progress.*	
Ghana	Ensure increased funding to WASH within the next two years. *No data.*	
Kenya	Government ministries and other stakeholders will strengthen and advocate for increased budgetary allocation for WASH sectors in the new county governments. *Good progress.*	
Mozambique	Ensure by 2016 that the annual budget of Internal Investment dedicated to water supply and sanitation has increased by 0.5%. 40% of the total sectoral should be for the rural and peri-urban sanitation. *No data.*	
Nigeria	Federal Ministry of Finance will sensitise and support all relevant government ministries, departments and agencies at the three tiers of government in ensuring a progressive annual increase in National budget allocation of up to 1.5% for water supply and 1.0% for sanitation. *Major barriers.*	
Senegal	Maintain the annual provision for the water and sanitation sector at the 2014 level of 30 billion FCFA until at least 2016. *Almost completed.*	
Uganda	Allocate a portion of the 0.5% GDP to the sanitation budget by 2016. *Major barriers.*	

Source: *World Bank (2015), SWA (2015), AfricaSan (2015a). *2014 Sanitation and Water for All High Level Meeting Commitments for 2016 and progress by June 2015. **eThekwini Commitment 6a: To establish specific public sector budget allocations for sanitation and hygiene programmes.*

CURRENT NATIONAL SPENDING ON SANITATION

Evidently, commitments do not always translate to reality. In order to hold governments to account, WASH expenditure data must be transparent. Despite efforts to improve WASH sector transparency and monitoring (e.g. the GLAAS/TrackFin monitoring tool and SWA tracker), information on WASH public expenditure remains elusive. WASHwatch.org compiles data on WASH budgets and expenditure for a number of countries, but disaggregated data on sub-sectors like sanitation is hard to find. In 2014, only six African countries provided expenditure data on WASH sub-sectors[4] and 86% of countries considered current WASH financing to be insufficient.[5]

Based on the limited data available, budget allocation to sanitation appears to be far from the targeted 0.5% of GDP (see table below).[6] Ethiopia reports that 0.01% of its GDP is spent on sanitation, and even countries with much higher spending such as Senegal (0.25% of GDP) still fall short of the 0.5% target. To increase sanitation expenditure to 0.5% of GDP, Ethiopia would require an additional USD $215 million per annum.

INCREASING PUBLIC INVESTMENT IN SANITATION

In most wealthy countries, universal sanitation coverage was achieved through a combination of public finance, private capital and tariffs.[7,8] In the 21st century, how can low- and middle-income countries increase public investment in sanitation? **Approach 1 is to redistribute funds from other sectors.** This is essential: independently of the next point, governments should increase the proportional allocation to sanitation from existing budgets. **Approach 2 is to increase local and national tax revenue generation.** Such taxation must be equitable: not simply increasing the tax burden on low-income citizens.

Many African countries currently have weak tax revenue collection structures.[9] While tax revenue in EU countries averages 19% of GDP, developing sub-Saharan African countries for which data is available raised on average only 13.7% of GDP in 2012, with Nigeria raising only 1.6% of GDP.[10] Almost half of sub-Saharan countries do not provide open data on tax revenue. Tax revenue reforms can enhance revenue collection effectiveness, widen tax bases and reduce tax dodging by corporations and wealthy individuals. USAID calculates that tax reforms in El Salvador contributed to increased tax revenues of USD $350 million per year, with no corresponding rise in tax rates.[11] Increasing tax revenue is essential to closing the sanitation funding gap.

However, it is unlikely that low-income countries will be able to greatly increase their tax revenue collection in the near future; even low-middle-income countries will likely require aid alongside increased domestic public finance.[12]

It is critically important for national and local government sanitation expenditure to be made public. Only when this data is accessible will civil society organisations (CSOs) be able to monitor progress and advocate for increased WASH investment. We encourage all stakeholders (donor-funded agencies, WASH professionals and CSOs) to support this.

1 AfricaSan (2015a) The Ngor Declaration on Sanitation and Hygiene.
2 AfricaSan (2015b) E-Thekwini Baseline All Africa New Indicators.
3 SWA (2015) Developing Countries:
4 WHO and UN-Water (2014a) GLAAS 2014 report: Investing in water and sanitation: Increasing access, reducing inequalities.
5 WHO and UN-Water (2014b) GLAAS 2014 Special Report for Africa.
6 WHO and UN-Water (2014c) Country highlights.
7 Hall D & Lobina E (2009) Paying for water and sanitation: the essential role of public finance.
8 Bisaga I and Norman G (2015) Universal water and sanitation: how did the rich countries do it?
9 Banerjee SG & Morella E (2011) Africa's water and sanitation infrastructure: access, affordability and alternatives.
10 World Bank (2015) World Development Indicators.
11 USAID (2015) Domestic Resource Mobilization: Financing country-led development and USAID (2015) Domestic Resource Mobilization: El Salvador tax reform boosts revenues for development.
12 WaterAid (2015) Essential element: why international aid for water, sanitation and hygiene is still a critical source of finance for many countries.

	GDP 2012 (USD $ mill)	WASH expenditure as % of GDP in 2012	Sanitation as % of WASH expenditure	Sanitation expenditure as % of GDP	Sanitation expenditure (USD $ mill)	Projection 0.5% of GDP (USD $ mill)	Gap (USD $ mill)
Ethiopia	43,311	0.30%	2%	0.01%	2	217	215
Ghana	41,939	0.44%*	3%	0.01%	7	103	96
Benin	6,020	0.98%	14%	0.13%	8	30	22
Morocco	95,980	0.38%*	36%	0.13%	128	479	352
Tunisia	45,660	0.46%	36%	0.17%	76	228	152
Senegal	11,250	0.81%	31%	0.25%	28	56	28
Burkina Faso	9,250	1.04%	25%	0.26%	24	46	22
DRC	8,720	1.69%	23%	0.39%	34	43	10

Source: *World Bank (2015). WHO and UN-Water (2014b), own estimates. *Findings from the TrackFin initiative suggest these numbers might be higher, as Ghana, Morocco and Brazil all reported lower spending on WASH than what was found by TrackFin. For instance, TrackFin estimated that WASH spending in Ghana was 1.3% of GDP.*

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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