

Advancing Sanitation Finance in Africa

IDENTIFYING & REMOVING BARRIERS

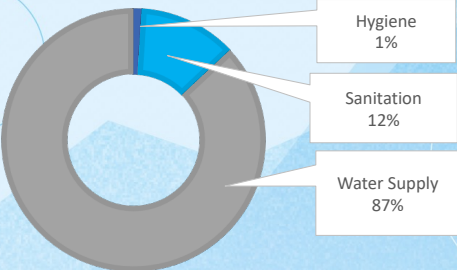
Oliver Jones – November 2023 - AfricaSan



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Sanitation investment continues to lag behind

Budget allocation to WASH sub-sectors in Africa, 2022




Sub-sector	Percentage
Water Supply	87%
Sanitation	12%
Hygiene	1%

To achieve basic sanitation across Sub-Saharan Africa would require, on average, 1.1 percent of GDP and for safe sanitation, 2.5%

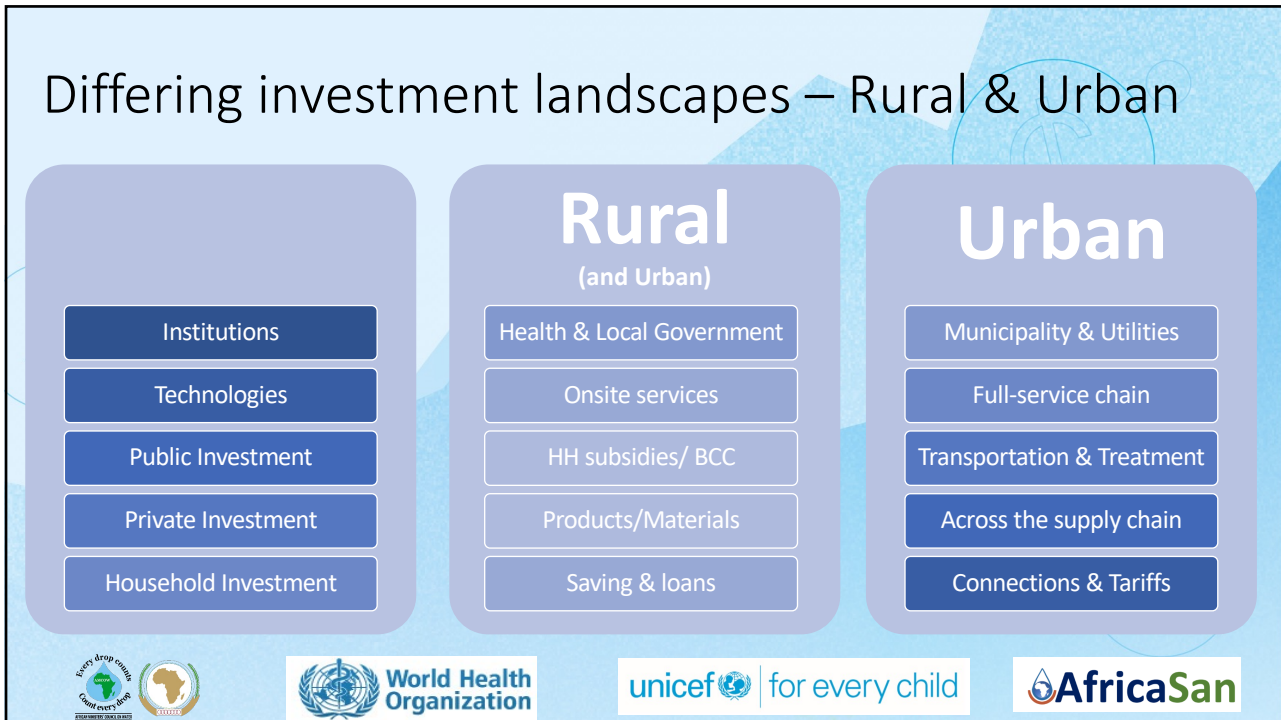
Even where the capital costs to be forthcoming – circa US\$10 billion per year - these would generate operation and maintenance costs almost as high – US\$7.2 billion per year

(UNICEF/WHO, 2020)



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Differing investment landscapes – Rural & Urban



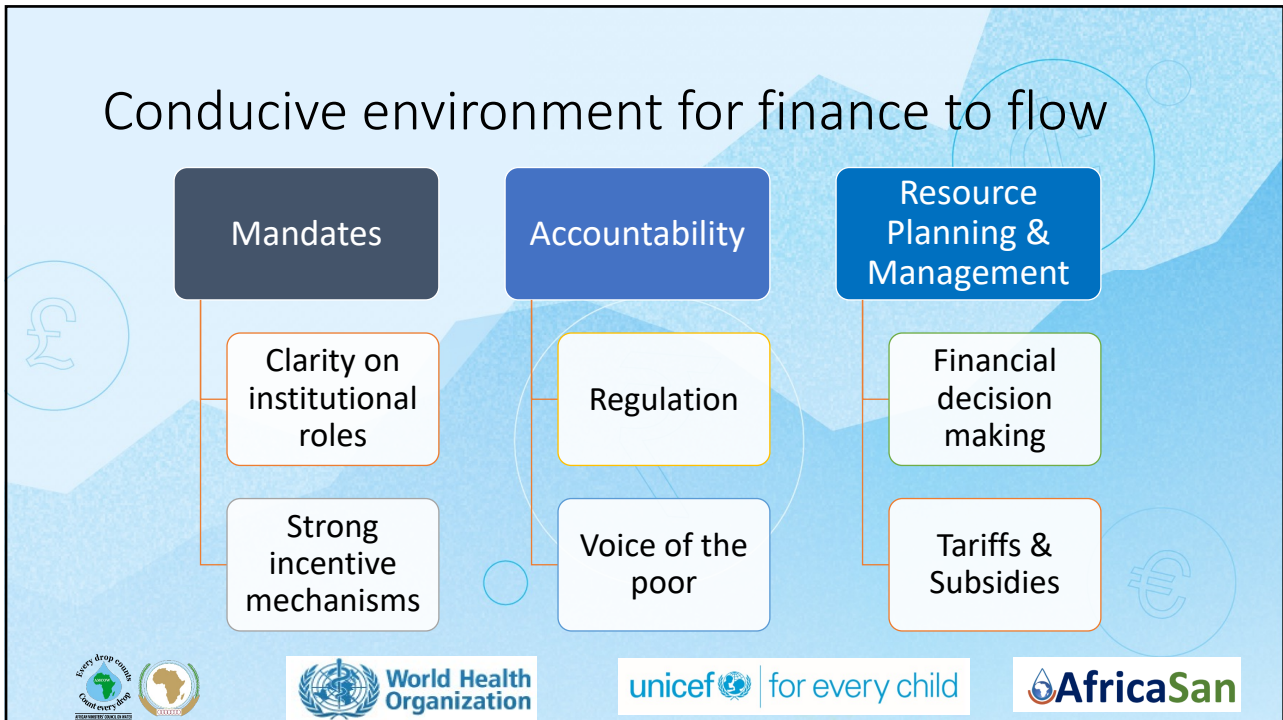
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A Public Service approach to sanitation

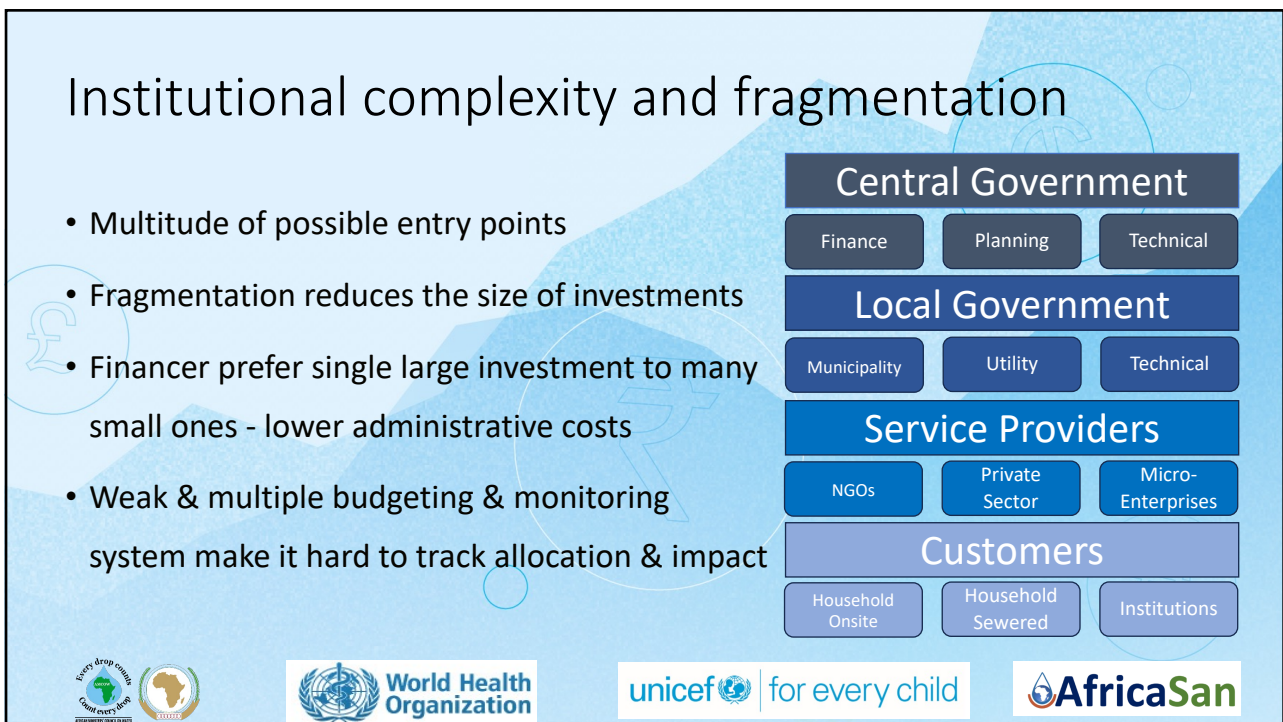
- Sanitation is a public good and should be a public sector priority
- Recognizing sanitation as a public good does not imply that the public sector has sole responsibility
- The private sector can play a key role within a publicly managed system
- A well-structured and regulated sector can increase business opportunity and incentivize innovation



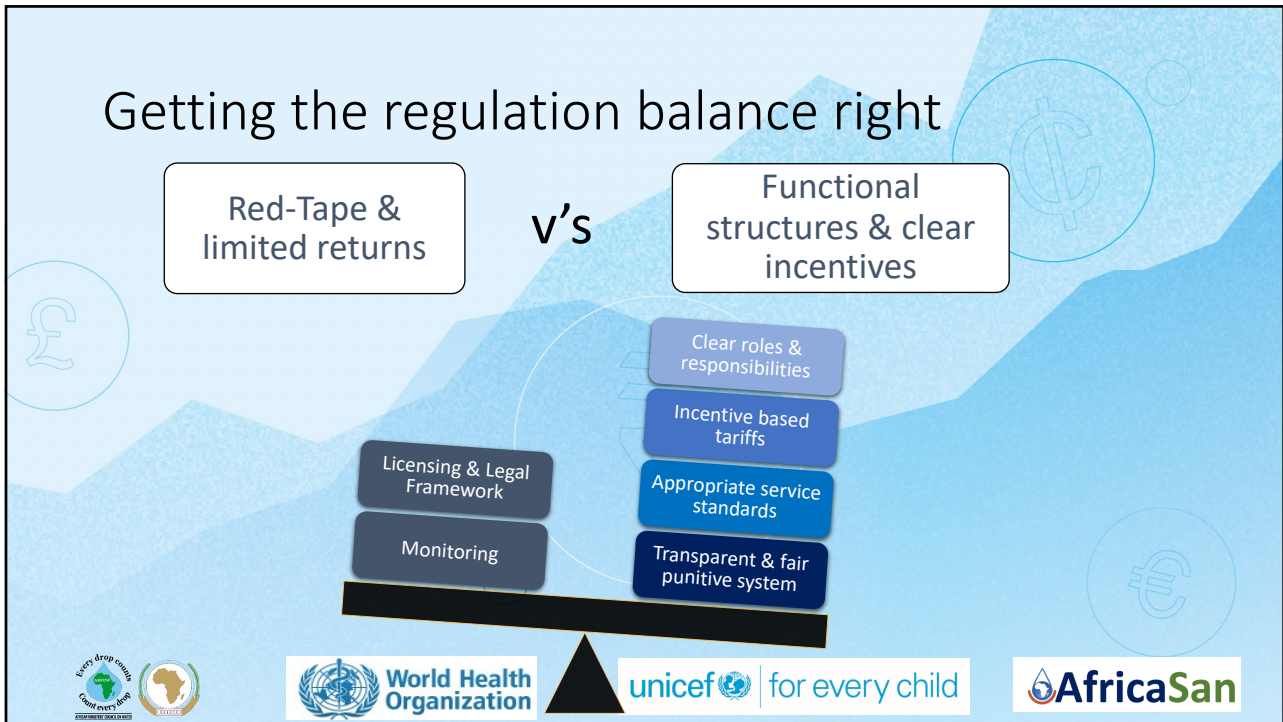
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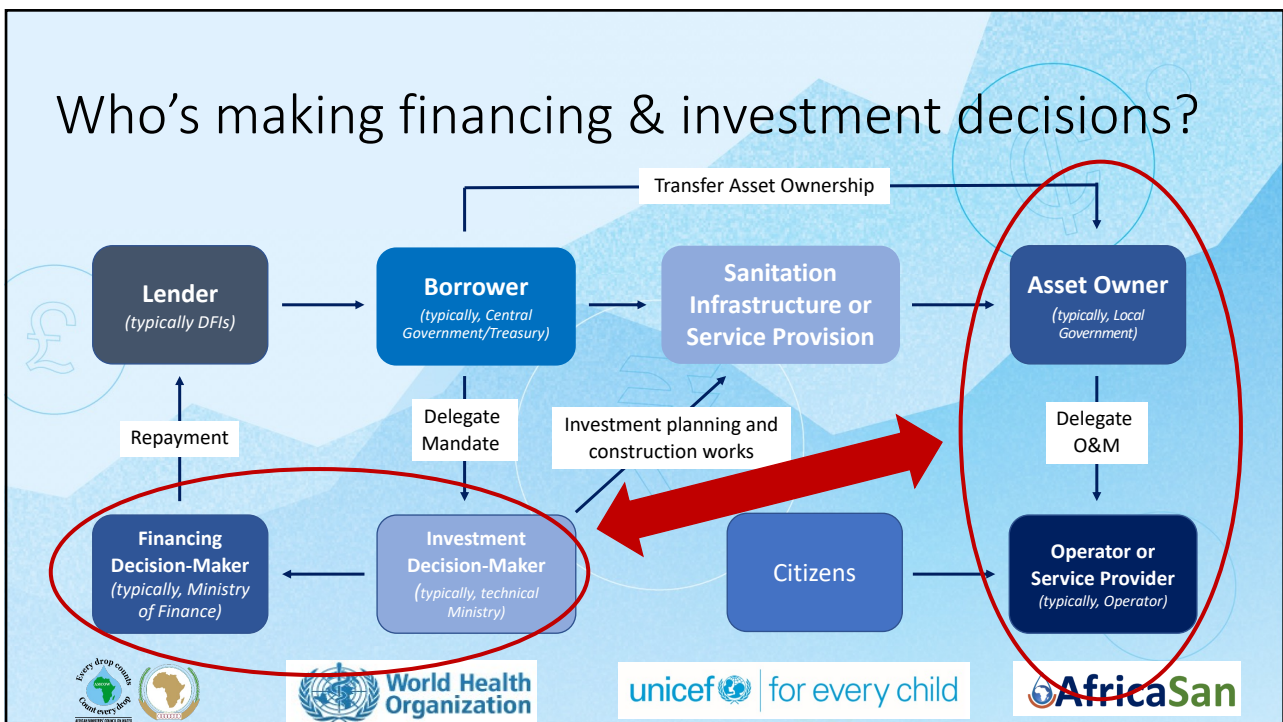
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Public Investment in Hardware – the contradiction?

Why do governments invest in seweraged sanitation for wealthier urban populations, but make poor rural households pay for their own latrines?

- Limited public resources are a challenge
- But what investment results in:
 - the best health outcomes
 - delivers the most equitable access
 - the largest economic returns
 - increases the sanitation market
 - enable the private investment

Household latrine “subsidies” are unfashionable:

- Poorly designed & indefinite
- Poorly targeted
- Perceived to distort markets
- Seen as inefficient








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Don't underestimate the importance of household investment...





- Households invest a huge amount in sanitation:
 - Household infrastructure
 - Emptying services
- Reduce the overall costs of sanitation products & services
- Remove affordability barriers
- Improve access to affordable credit/finance
- Stimulate local markets



Increase access to affordable finance



Reduce costs – technology & process innovation

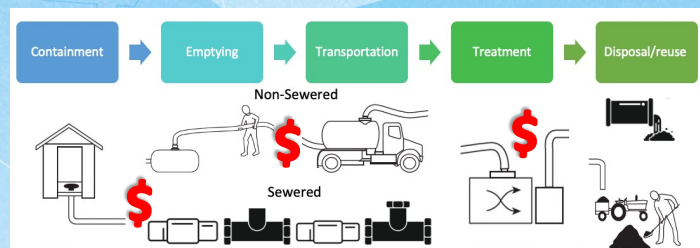
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Tariffs – untapped revenue?

- Tariffs require a level of infrastructure and households to be “customers”
- A well-structured tariff system can create much needed revenue for service providers

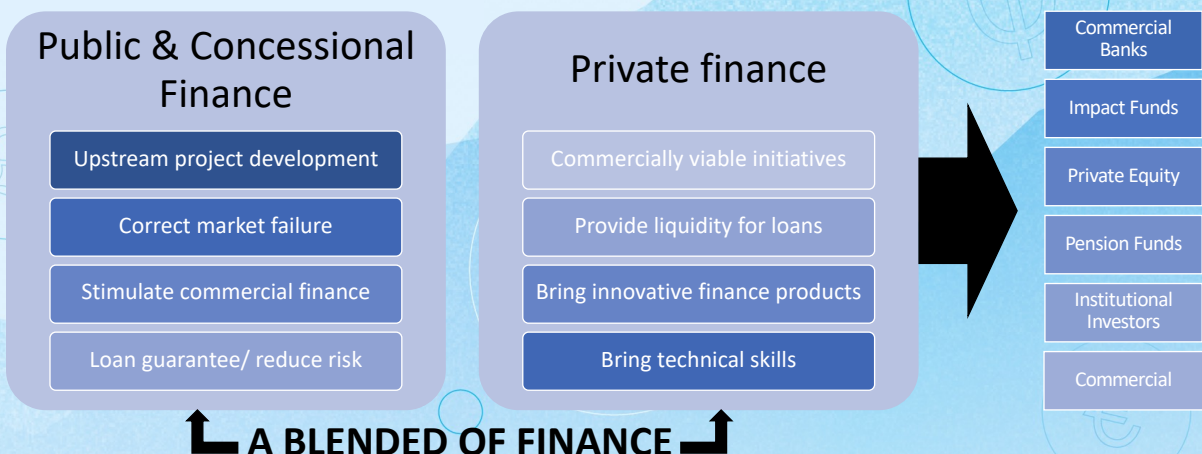
BUT

- Sewage line connection fees – income or a barrier to new customers?
- Licensing of private operators - new revenue stream or disincentive?
- Disposal charges – important revenue or barrier to safe disposal?
- Cross-subsidies with water bills – hampered by institutional responsibilities
- Tariffs an important part of the financing mix, but evidence suggests full cost recovery is infeasible

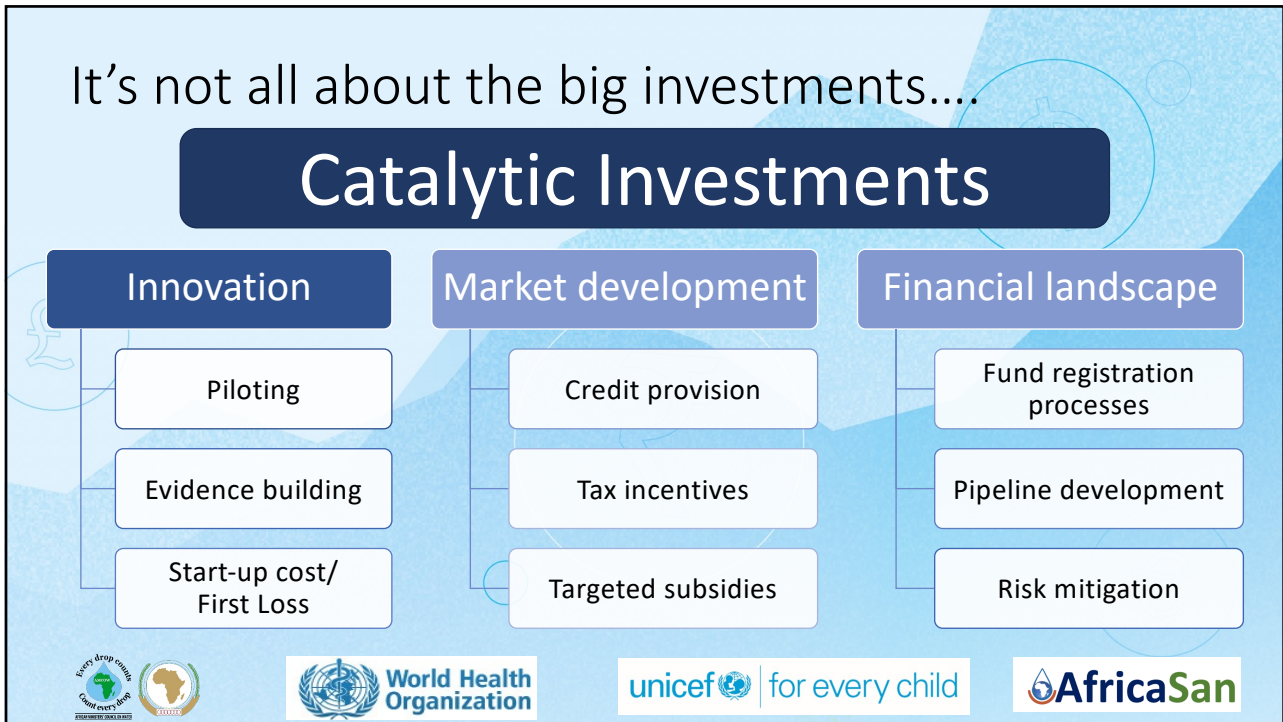


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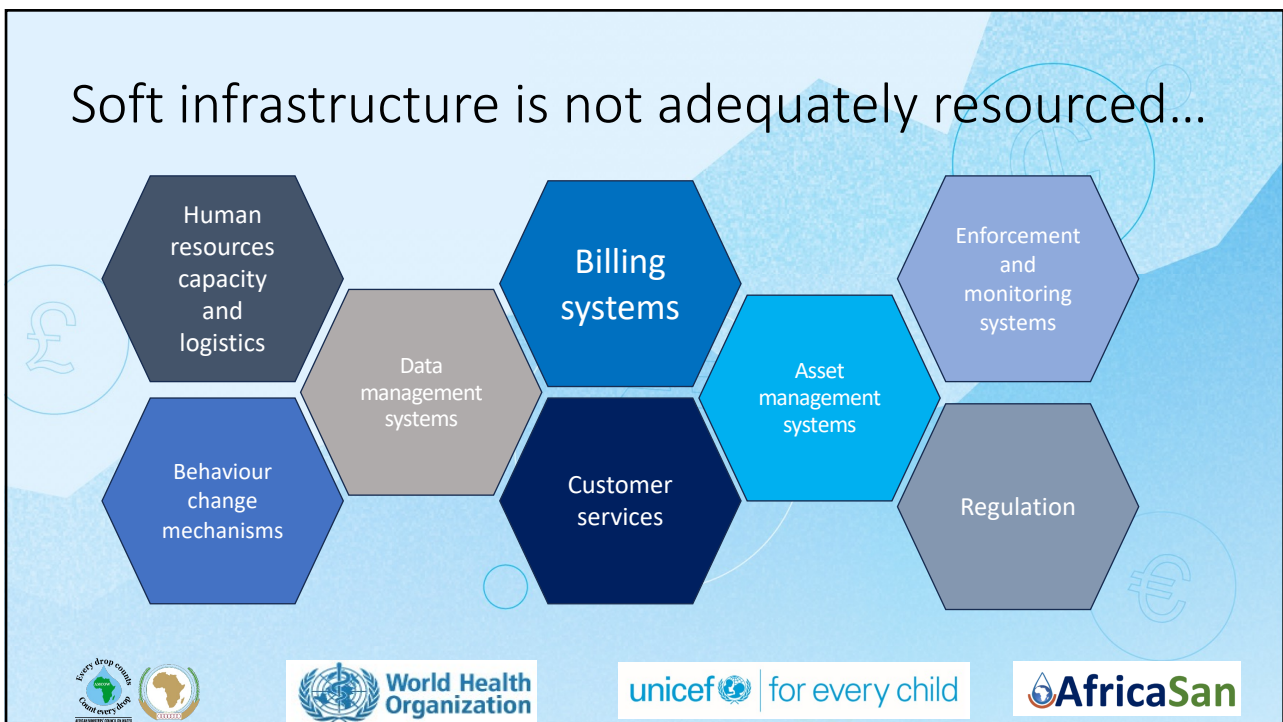
Crowding in or crowding out private finance?



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Some Areas to Focus on...



**Commitment
of Public
Finance**



**Targeted
Resource
Allocation**




**Dialogue with
private
investors**





**Invest in Soft
Infrastructure**




**Smarter
Subsidies**



**Catalytic
Investment**



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Panel

- **Raul Mutevuie Junior**
• Government of Mozambique
- **Alyse Schrecongost**
• Bill & Melinda Gates Foundation
- **Joan Asiimwe**
• ESAWAS
- **Sylvia Shekede**
• Zimbabwe Infrastructure Development Bank
- **Peter Vos**
• AFDB/AWF
- **Kevin Roussel**
• SWA






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