



**HYDROCONSEIL**

**Ingénieur-conseil : Eau potable,  
environnement, services publics**

# **FINANCING SANITATION IN SUB-SAHARAN AFRICA**

*... is a local challenge*

Jérémie Toubkiss

Wageningen, 20.05.2008



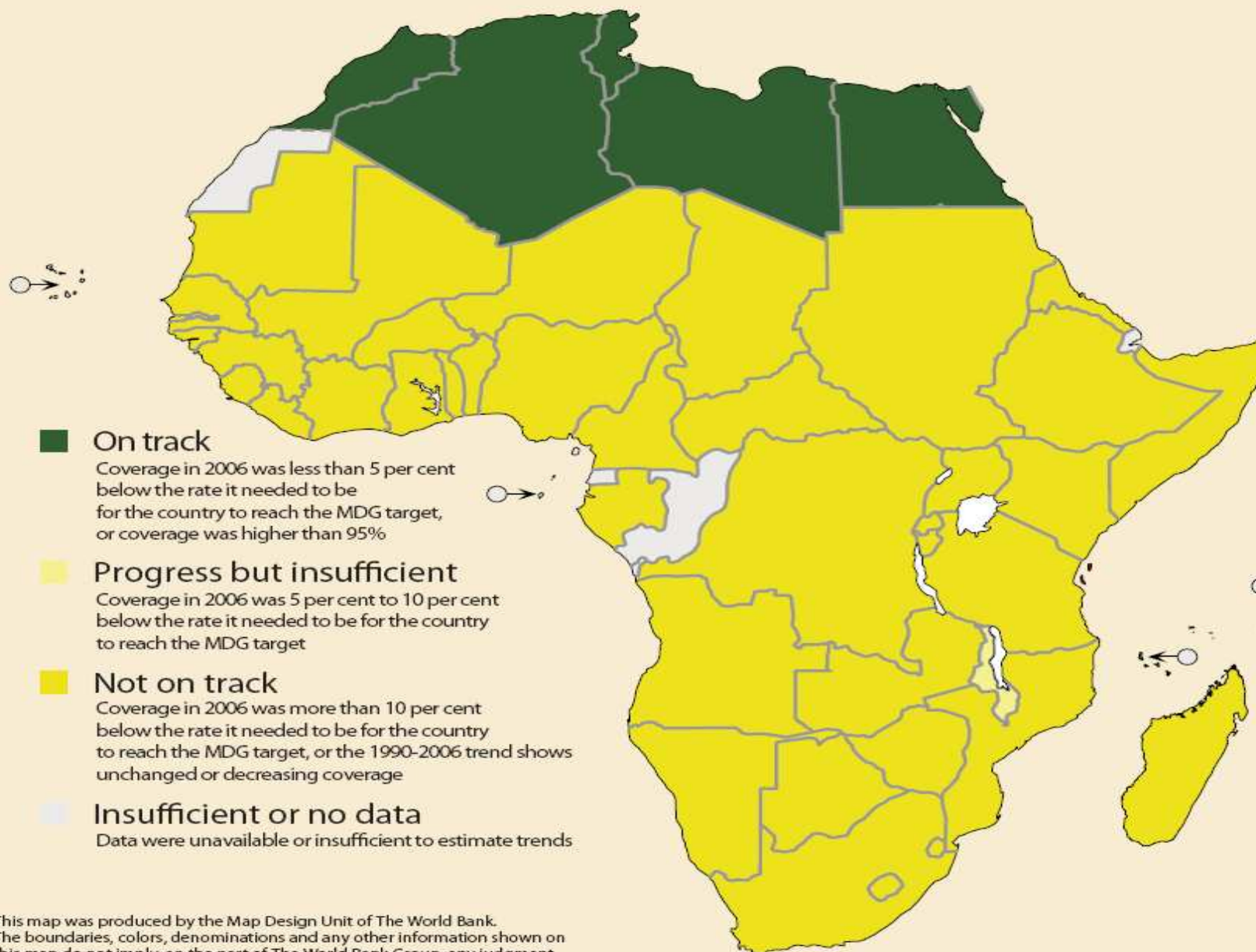
# STRUCTURE OF THE PRESENTATION

1. What is to be financed and how much will it cost ?
2. What are the obstacles which the financing of the sector is confronted with and what solutions are usually promoted ?
3. First lessons learnt from 7 case studies carried out by Hydroconseil in West Africa.



# THE SANITATION CRISIS IN SUB-SAHARAN AFRICA

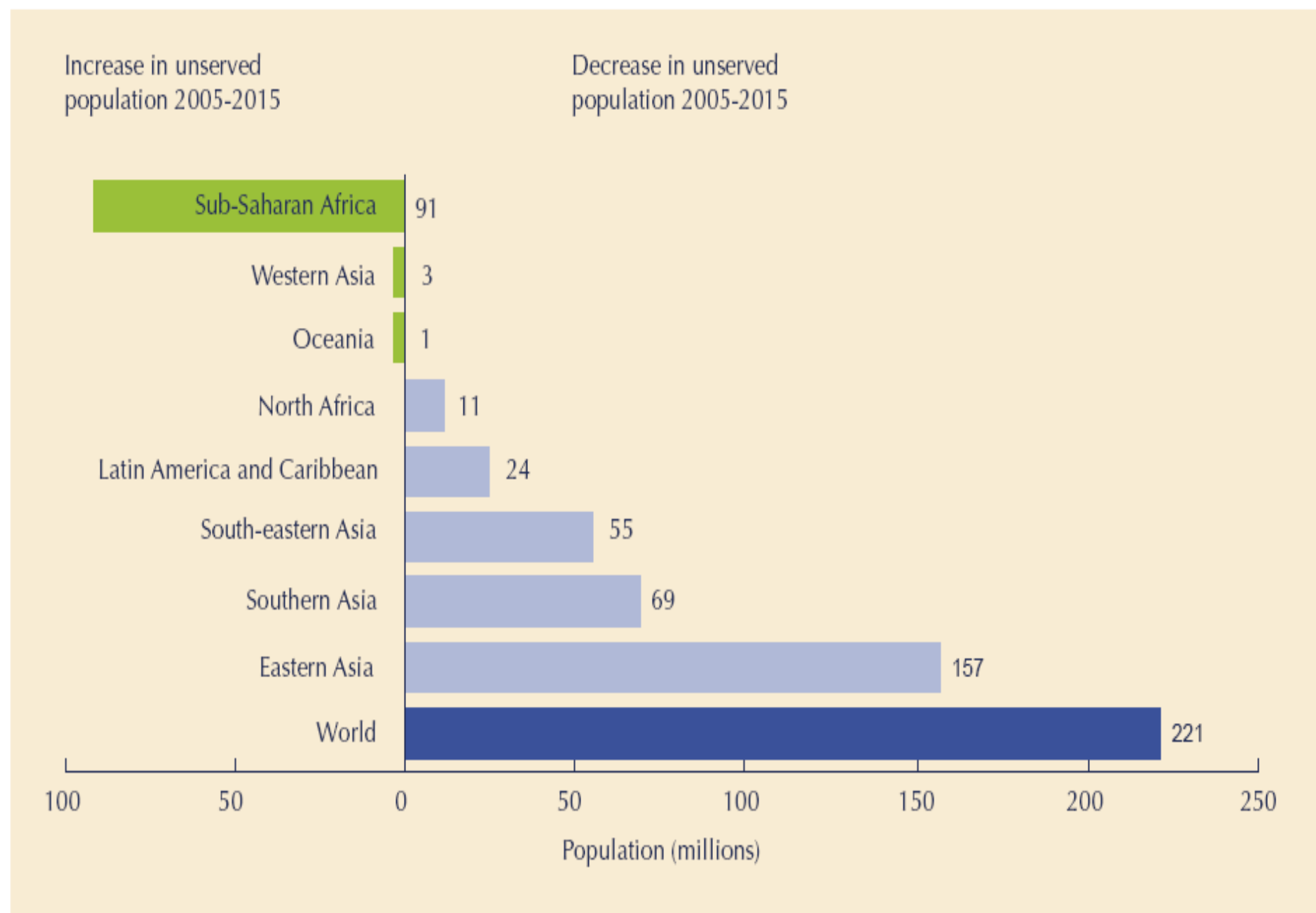
*Progress towards the MDG sanitation target in 2006.*



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

IBRD 36043  
MARCH 2008

*Absolute change in population without access to improved sanitation 2005-2015, by developing region, when the 1990-2004 coverage trend is projected to 2015.*





# WHAT IS TO BE FINANCED ?

# THE (PERI-)URBAN CHALLENGE

- Different populations and settings
  - Rural areas
  - Periurban areas
  - Urban areas

→ *Not financed the same way!*

Rapid and unplanned urbanization

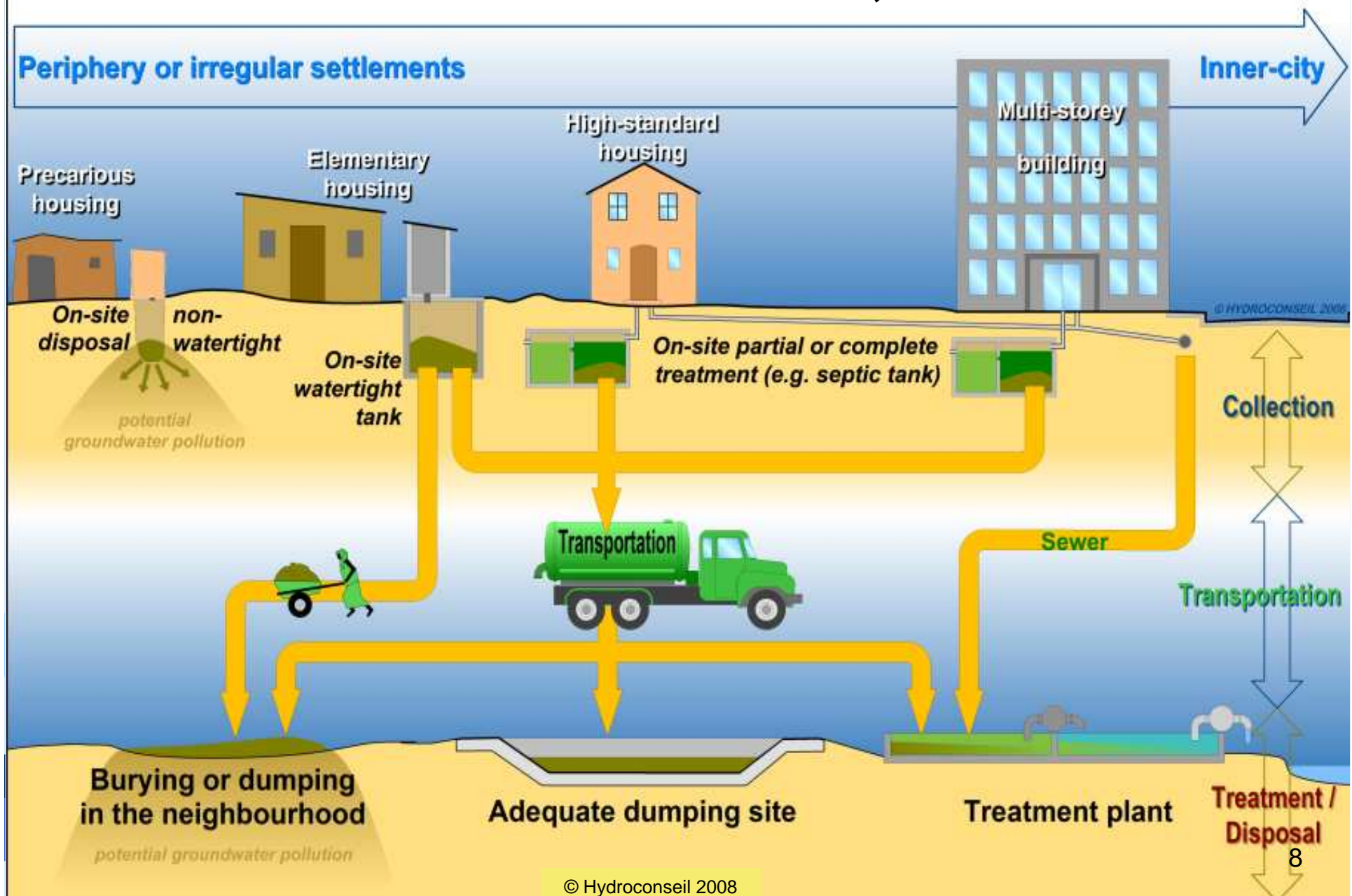
+

Densely populated zones

+

Geographic and legal situation of slums

# 3 LEVELS OF SERVICE, 3 STAGES







# LOW LEVEL OF SERVICE

- Sewerage systems: 5-10% of the population (center of large cities)
- Small bore sewer: cheap alternative (peri-urban areas)
- On-site sanitation: 90% of the population (urban and rural areas)
- Wastewater treatment extremely rare
- Africa will not be served by collective sanitation by 2015

# EXPENDITURE CATEGORIES

Sector coordination

Training / capacity building  
of professionals and users

Sanitation promotion

Rehabilitation

Operation and maintenance

Investment (collect., evacu., treatment)

Feasibility studies

# HOW MUCH WILL IT COST ?

**23-50** billion USD

Various macro-level estimates

**26**

billion USD  
required

AfDB - WSP Country Sanitation  
Reviews in 32 African Countries 2008



# APPROACHES AND OBSTACLES TO SANITATION FINANCING



# SOME OBSTACLES

- Central gov. lack financial resources
- Decentralisation issue / LA
  - Difficult access to finance, no creditworthiness
  - Lack of (absorption) capacity
- Relatively few specialized NGOs
- Water remains more attractive
- Complexity of financing sanitation

# DONORS' PERSPECTIVE

*... a macro-level analysis (from the supply side)*

## CAMDESSUS PANEL

3<sup>rd</sup> World Water Forum 2003

- Increase ODA+effectiveness
- Long-term, local currency, sub-sovereign lending
- Local capital markets
- Private sector participation

## GURRIA TASK FORCE

4<sup>th</sup> World Water Forum 2006

- Political commitment
- Demand promotion

## EUROPEAN WATER

INITIATIVE 2003-...

- Improve planning and budgeting of investment



*Increase + ease financial flows in the sector*

# LIMITS OF THIS PERSPECTIVE

- ☹ Not appropriate to poor Sub-Saharan countries
- ☹ Concerns big infrastructure projects but neglects on-site sanitation
- ☹ Searches primarily for the means to increase international financial flows in the WSS sector of developing countries... as if the main problem were the lack of funds



# BIGGER CHALLENGES

Yet, it is not difficult to mobilise international funds for major investment projects!

Real challenge: improve project design and planning with regard to financing issues

→ *Challenges at local level! (demand side)*





# HYDROCONSEIL's CASE STUDIES

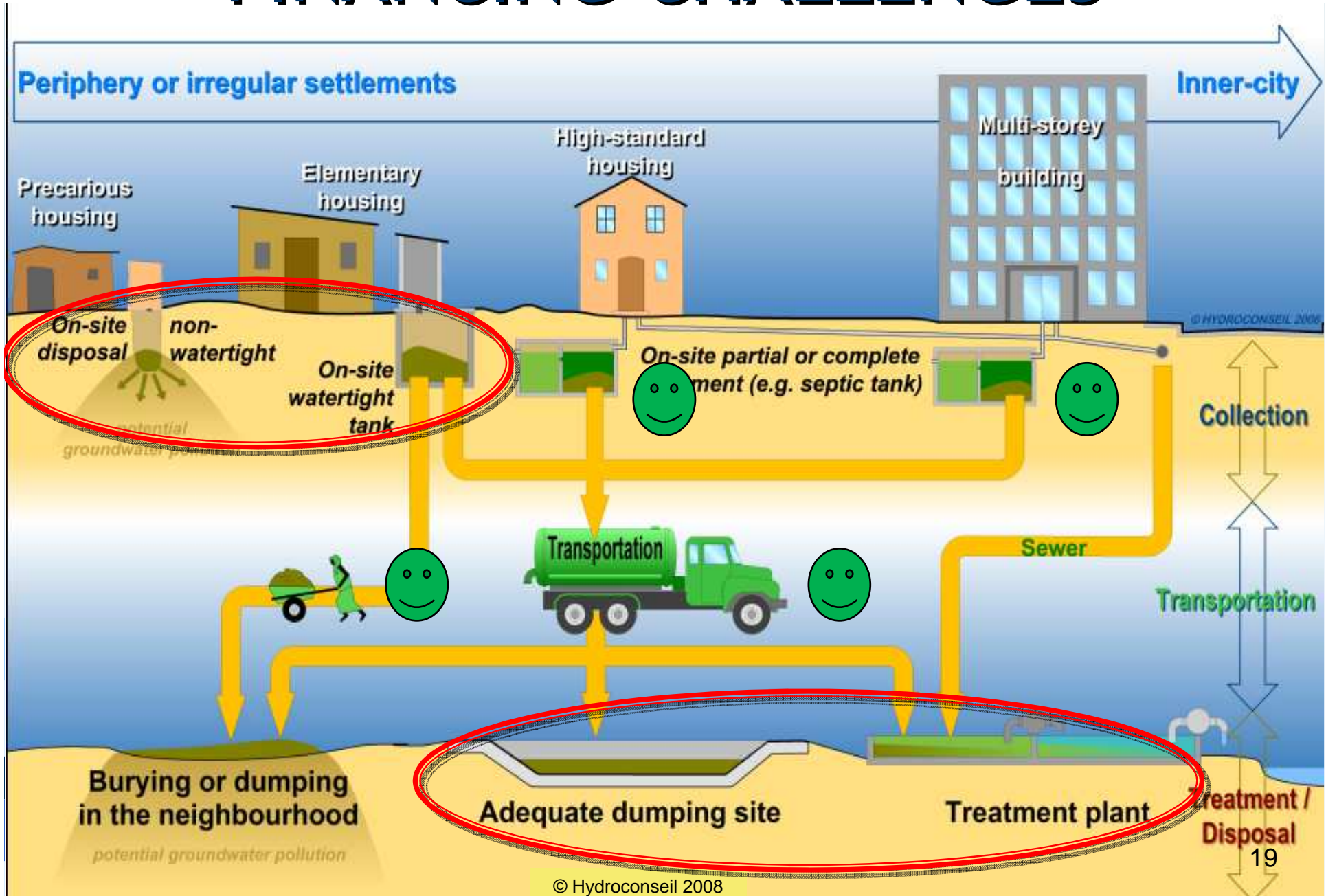
*... a project-level analysis (looks at the demand side)*



# OBJECTIVE & METHODOLOGY

- Initiative launched and coordinated by NGO pS-Eau, financed by French MoFA
  - 10 case studies in West Africa
  - On-site and semi-collective sanitation in (peri-) urban areas
  - Cover the 3 stages of the sanitation process and all related expenses
  - 1 common template
- *Output: decision making support*

# FINANCING CHALLENGES



# PRELIMINARY FINDINGS

## 1. Household facilities: stimulating private investment

UNIT COSTS (€)	BURKINA (PSAB)	MALI (BAMAKO)	SENEGAL (PAQPUD)
Improved pit latrine	60	76	N/A
Pour-flush	150	250	210
VIP 1 pit	270	380	280
EcoSan	N/A	375	N/A
Septic tank	N/A	500	480



# PRELIMINARY FINDINGS

*Main tools to stimulate private investment:*

## ■ Microfinance

- Interest rate / insufficient and irregular revenue
- Consumer loan (no investment loan)
- Restrictive eligibility criteria

## ■ Household subsidies

- Dakar, Ouagadougou, Bobo-Dioulasso

## ■ Sanitation marketing

- Sanitation promotion without financial support



# PRELIMINARY FINDINGS

## 2. Cost recovery of faecal sludge treatment plants to ensure financial sustainability

### ■ Co-composting

- Manure spreading not well mastered / risky
- Limited acceptance, low demand
- Transportation difficulties, weak supply chain
- Cheaper fertilizers

### ■ Access fee

- Prerequisites: large, accessible plants + unauthorized dumping sanctioned
- Dakar (Dar es-Salaam)



# CONCLUDING REMARKS

## Decentralisation : involving local authorities

- Maintenance of collective equipments
- Making sites available

## Beyond ODA

- Indispensable for major infrastructure investment
  - Occasional source of funds
  - Need for continuous, endogenous, long term source of finance for on-site sanitation
- *Sanitation surcharge on water / electricity bill*

## Scaling up

- ‘Back out’ of the pilot project approach if MDG Target 10 is to be reached one day!



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