IMPACT OF PRICES AND TARIFF ON FECAL SLUDGE MANAGEMENT IN AFRICA
Outline of the presentation

• BACKGROUND AND RATIONALE
• MATERIALS AND METHODS
• INVESTIGATION QUESTIONS
• RESULTS
• POLICY CONCLUSIONS
Background and Rationale

- High-density low-income population
- Sanitation still seen as public good
- The full sanitation value chain is not entirely self-financing
- High prices and tariff are prohibitive for improving access to services
- Low prices and tariff do not incentivize

What are the practices to price and tariff and how do they impact on fecal sludge management?
Materials and Methods

Studied areas

- Senegal
- Burkina Faso
- Ghana
- Cameroon
- Kenya
- Mozambique
Selection criteria

• A country where evidence is available that tariffs played a role in improving access to the sanitation service, especially in reaching the previously un-reached households through water utilities (Senegal)

• A country with a well functioning utility exists and has made some progress in improving access to water, but it has not achieved higher sanitation targets, especially in reaching the un-reached (Kenya)
Selection criteria

• A country where a successful model of setting and implementing sanitation charges exist through non-state provision. such as through NGOs in partnership with local governments and utilities (Burkina Faso)

• Countries where a successful government model through local government provision exist (Ghana)
Materials and Methods

Selection criteria

• A country/cases within countries where other actors, such as informal and small scale providers could provide good principles in getting users charges (Mozambique)

• A country where utilities and local governments have not been successful due to poor tariff and pricing structures (Cameroon)
Material and Methods

Global approach to the study

- Tools and Data Coll.
- Country report
- National validation
- Cross-country validation
- Validated report
- Feedback

Policy recommendations
Investigation Questions

- Economic efficiency and cost recovery,
- Equity and fairness,
- Affordability,
- Incentives for scale up
Results

Sanitation services framework

Adapted by the Author from OBA Working Paper Series
Paper No. 10, September 2010
Aims of prices and tariffs

• To provide services that are safe, desirable and affordable to consumer

• To ensure an institutional and commercial system capable of actually recovering costs

• To generate profit **
On economic efficiency and cost recovery

Utilities

- Low recovery rate of annualized cost (Dakar: 6% - Ouaga: 8%)
  - Low tariffs
  - “Ghost consumers” (Kenya)
Results

On economic efficiency and cost recovery

• Small scale entrepreneurs making profit margins up to 20%
On Equity and fairness: cross-charging

- Domestic (10; 65)
- Industry & Commerce (15; 15)
- Government (75; 20)
On Equity and fairness: Tariff implementation

- Increase access to facilities: Ouagadougou semi-revolving mechanism to subsidy the poor

- The case of Senegal: the poor pays more
Results

On Affordability

**USD/day/inhab**

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<th>Income</th>
<th>Sewerage (CapEx+OpEx) x</th>
<th>FS (CapEx+OpEx) x</th>
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1st, 2nd and 3rd quartile, the poor

4th quartile, the rich
Results

On Affordability

- Public toilet business
  - User fees ranges from US$.07 to US$.13
  - User income ranges from US$0.07 to US$1.3 per capita
Results

On scalability

Different models have the potential to deliver sanitation services at scale:

- Public toilet business model is attractive to private providers
- Effective semi-revolving mechanism to increase access to facilities
Policy conclusions

• Well-structured and clearly defined tariff structures for urban sanitation services are in their infancy

• Parts of the value chain are missing in the study locations

• Ineffective managerial and regulatory frameworks hinders the realization of economies of scale

• Sound and affordable tariff structures offer a key means to achieving sustainable urban sanitation; unblocking the barriers to achieving greater economies of scale will help to realize this.