

## Financing infrastructure in African cities



SUSTAINABLE


 South African  
**CitiesNetwork**

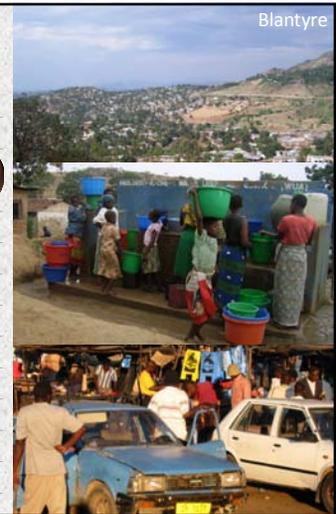
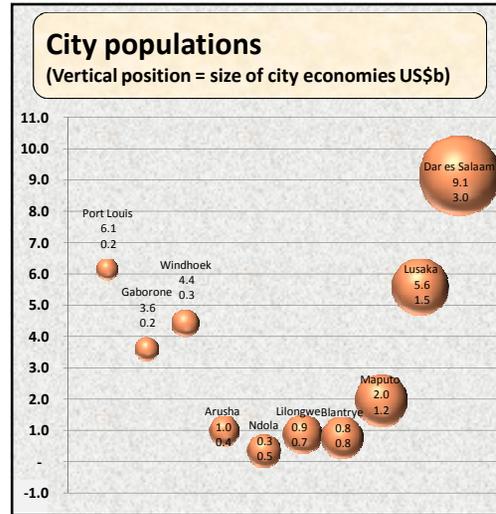
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### Introduction / perspective

- ❑ Our cities need to be managed by strong city governments (population growth and economic development)
- ❑ National governments need to strengthen their city governments (expenditure responsibilities and revenue powers)
- ❑ City governments need to improve their own performance (especially on revenue and investing)
- ❑ Visited SADC municipalities 2008 – 2010
  - ❑ 14 x financial overviews
  - ❑ 10 x shadow credit assessments





### What does the city need?

**❑ Built environment services**

- Roads and storm-water drainage
- Refuse collection and disposal; street sweeping
- Water & sanitation (sewerage)
- Supply of electricity and gas
- Traffic lights and street lights
- Emergency services (ambulances, fire)
- Cemeteries, parks and sports facilities
- Public transport services
- Bus and taxi ranks; markets
- Town planning and building control
- Municipal policing (by-law enforcement)
- Environmental health services

**❑ Social services**

- Health care (primary/ clinics/ vaccinations etc)
- Education (pre-, primary, secondary school)
- Social welfare (centres for orphans etc)
- Rental housing

Maputo




### City government roles - nature & scale

		Social services		
		Minimal	Moderate	Full
Built environment services	Minimal		Lusaka Ndola	Dar es Salaam Arusha
	Moderate	Maputo	Lilongwe Blantyre Gaborone Port Louis	
	Full	Windhoek		

Dar es Salaam





**What can the city governments do?**

- ❑ City government is usually a relatively weak and small actor /provider in respect of city needs
  - Result of long-term disempowerment trend
- ❑ National agencies are often the key actors
  - Water, sanitation, electricity, major roads
- ❑ Often impossible to get an overall quantified view of built environment needs
  - Such a view is not the priority of anyone



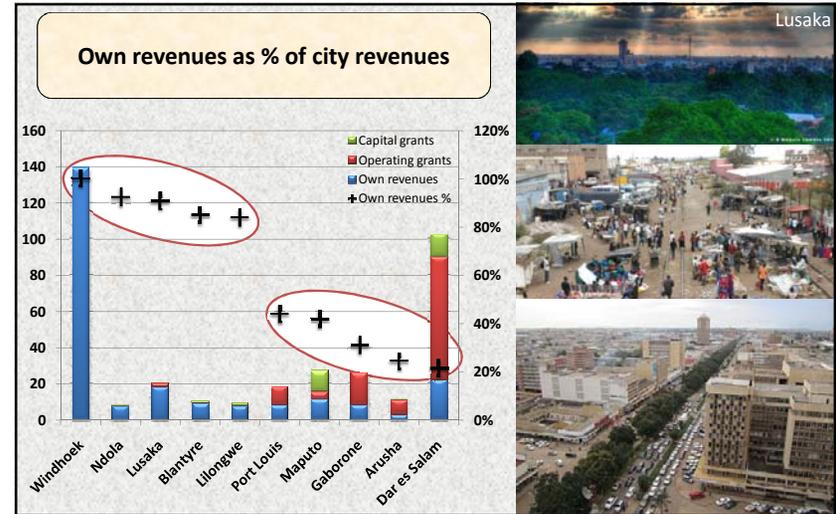
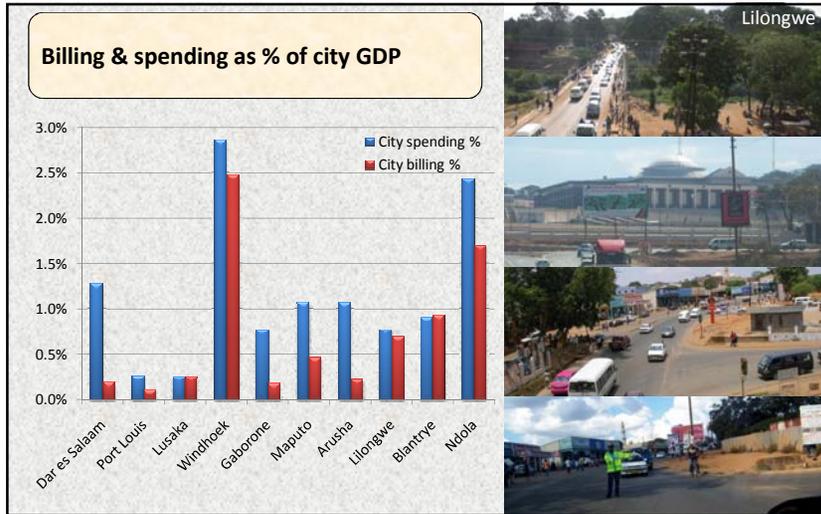
Gaborone

**City government expenditure  
City government staff**

	Total city spending (US\$ m)	Total city staff	City staff/100 000 people	City spending per person (US\$ m)
Dar es Salaam	147	15 419	514	49
Port Louis	20	2 500	1 667	136
Lusaka	18	1 882	129	12
Windhoek	160	1 755	532	484
Gaborone	35	3 000	1 266	148
Maputo	27	2 325	187	21
Arusha	13	3 000	750	33
Lilongwe	9	1 900	271	12
Blantyre	9	2 000	250	11
Ndola	11	670	135	21

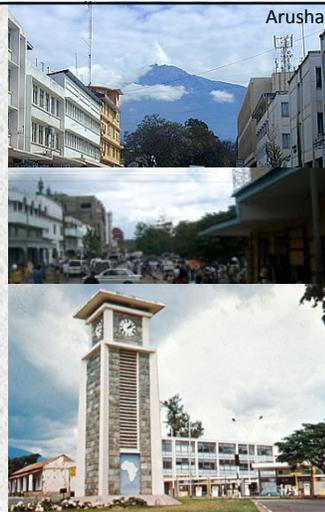


Maseru



**City government finance: Issues 1**

- ❑ **Under-empowered & under-resourced**
  - Trend has been to strip powers from city governments
  - Decentralisation by name, centralisation in practise
  - Limited built environment mandate
  - City governments operate at a small scale and spend very little
- ❑ **Limited decision-making authority**
  - Senior staff appointments are often lengthy national processes
  - Tax and tariff increases; new valuation rolls; similarly
- ❑ **Very limited infrastructure financing**
  - If it happens on scale it is grant or donor funded



Arusha

**City government finance: Issues 2**

- ❑ **Under-performing revenue administration**
  - Despite the overwhelming shortage of resources
  - Much of the tax base escapes being billed/ invoiced
  - Debtors balances outstanding are often high
  - Weak revenue relationship with residents and businesses
- ❑ **Significant human resource capacity constraints**
  - Skills shortage is universally acknowledged as serious/critical (especially key technical areas)
  - Long period 'acting' appointments are universal
  - Yet little serious effort (possibility) to address the gap?



Windhoek

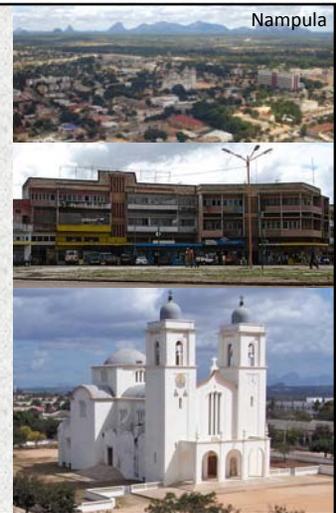
**City financial strategies - 1**

- All city governments can improve their own financial performance**
  - Through a 'city financial strategy'
  - Often amounts to a 'turnaround plan'
  - Internal reform initiatives
  - External reform initiatives
  
- Requires city leadership**
  - Stature and maturity
  - Dedicated management team
  - Political & administrative insight & courage



**City financial strategies - 2**

- Internal reform programme**
  - Strategic planning & budgeting
  - Revenue administration (sometimes policy also)
  - Expenditure controls and accounting
  - Management accountability and performance
  
- External reform programme**
  - To obtain additional revenue powers
  - To obtain additional grant funds
  - To improve timeliness of grant payments
  - To obtain support for city strategy
  
- Customised capacity building for senior management**
  - Targeted at programme objectives



**Approach to capacity building**

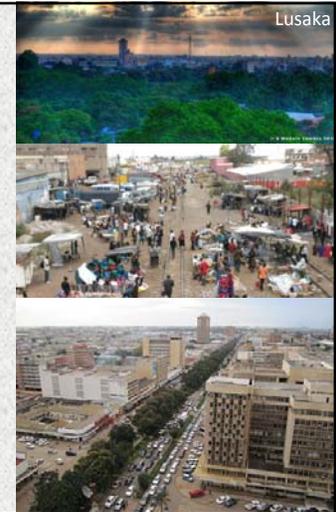
- ❑ Change management intervention aimed at senior city management
- ❑ Specific operational as well as capacity-building objectives
- ❑ Programme of workshops
  - Each building on the next
  - Each with substantial supporting work
  - Each requiring management team to take responsibility for tasks between workshops
- ❑ Planned outcomes
  - Achievement of operational objectives
  - Enhancement of management team capacity
  - Strengthening of change momentum



Lilongwe

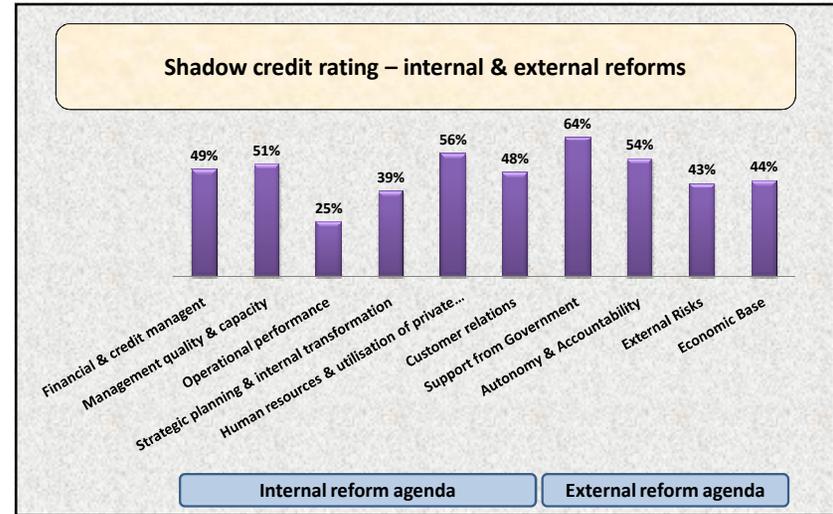
**e.g. Self-funding of city infrastructure**

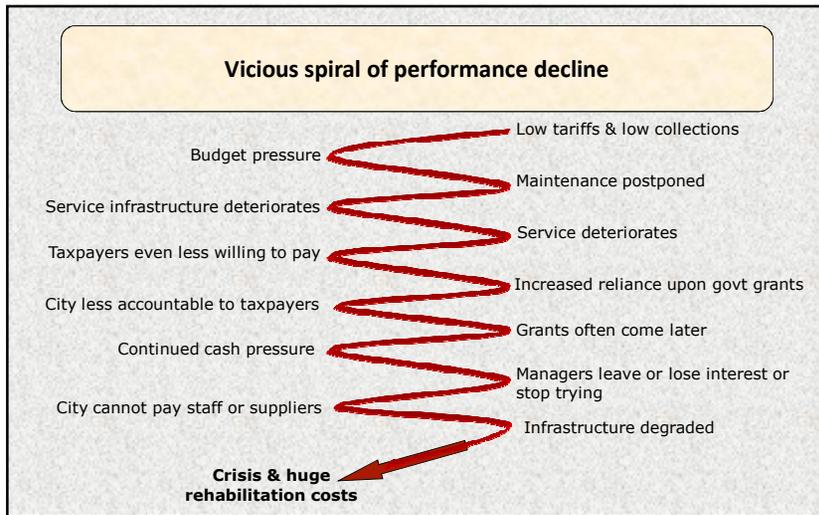
1. Introduction to financial management and creditworthiness
2. Shadow credit assessment
3. Medium- and long-term capital investment planning
4. Funding the capital investment plan
5. Launching the reform agenda
6. Preparing to approach funders (capital market or government or donors)
7. Finalising a funding agreement and managing the funds



Lusaka

Prioritised capital investment plan			
1	Sanitation	Master plan	20
2	Solid Waste	Rehabilitation of waste disposal site	200
3	Solid Waste	New equipment	105
4	Public amenities	Market - Zone 1	30
5	Public amenities	Market - Zone 2	30
6	Public amenities	Market - Zone 3	30
7	Public amenities	Market - City Centre	30
8	Roads & Storm water	Rehab of surfaced roads - Zone 2	750
9	Public amenities	Bus stations - Zone 1	100
10	Public amenities	Bus stations - Zone 2	100
11	Public amenities	Bus stations - Zone 3	100
12	Public amenities	Bus terminal - City Centre	500
13	Roads & storm water	Rehab of surfaced roads - City Centre	750
14	Roads & storm water	Rehab of un-surfaced roads	3 000
15	Sanitation	Primary school toilets	55





## Financing of infrastructure in African cities



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