Financing the up-scaling of sanitation improvements in Ugandan Small Towns

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Uganda
Status of urban sanitation in Uganda

Instructional fragmentation (national & local level)

Unclear mandates & weak coordination between actors (LG, ministries, utility & private sector)

Unlined pit latrines (growing issue in small towns)

FSM market non-existing (due to lack of emptiable sanitation systems)

Cost of toilets unreasonably high in small towns (range: USD 500 to 1300)

Low affordability of toilets as income levels very low (60% - USD 0.50 to 1.25, 25% - USD 1.25 to 2.00)
Considerations for financing strategy

- **Need to promote lined pits** for safe containment of faecal sludge and support emptying and treatment

- 70% of population in urban areas **need financial support** to improve their situation

- **Need for subsidy** for meeting capex of construction of toilet sub-structure (lined pits)

- **Need for funding** for emptying services and faecal sludge management facilities
Assessing affordability of HH to repay loans

Legend:
- Superstructure Cost
- Substructure Cost
- USD
Financing strategy – Households

Households (HH) to build superstructure of toilets, either self financed or if possible via loans.

Superstructure to vary according to financial affordability. Cost can vary between USD 100 and 250.

At current market interest rate of 2% per month HH’s take min 3 years to repay costs of superstructure.

Work closely with Local banks, MFIs and SACCOs to access loans for superstructure.

State to subsidise substructure costs of flat UGX 1,475,000 (USD 415).
Strategy for pit emptying services and sludge drying bed

Sludge Drying Beds to cover **cluster of 5 - 6 towns** within 30 to 50 km radius for economies of scale

Capex for **construction of sludge drying beds + cesspool trucks** (3 nos x 4000 litres) + 2.6 Acre land ≈ UGX 900,000,000 (USD 250,000)

Capex to be funded by Ministry/donors

Per capita Capex (substructure subsidy, emptying and treatment services)≈ USD 60
## Total Capex

### Table: Substructure Costs per Household

<table>
<thead>
<tr>
<th>Town</th>
<th>Households Year 2017</th>
<th>State Subsidy for substructure UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamdini</td>
<td>1,960</td>
<td>1,913,940,000</td>
</tr>
<tr>
<td>Aduku</td>
<td>1,660</td>
<td>1,620,990,000</td>
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<tr>
<td>Loro</td>
<td>2,720</td>
<td>2,656,080,000</td>
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<tr>
<td>Ibuje</td>
<td>220</td>
<td>214,830,000</td>
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<tr>
<td>Apac</td>
<td>3,160</td>
<td>3,085,740,000</td>
</tr>
<tr>
<td>Oyam</td>
<td>2,600</td>
<td>2,538,900,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,320</strong></td>
<td><strong>12,030,480,000</strong></td>
</tr>
</tbody>
</table>

**Capex sludge bed & trucks**: 921,877,762

**Total subsidy**: 12,952,357,762

\[\text{ie. US$} \text{3,597,877}\]

### Per capita Capex: \$58.40
Schematic of financing across the sanitation chain
Opex for pit emptying services and sludge drying bed

**Currently**
Annual emptying charges by private operator ≈ UGX. 50,000< (USD 12< per family)

**Proposed**
Emptying service & operations of FSM combined and run by state agency (WSDFs/Umbrella) or NWSC

Results in
Annual Opex for emptying services and treatment system ≈ USD 75,000

And
Annual emptying charges for family ≈ UGX. 22,000 (USD 5)
Challenges / weaknesses

Approaches for targeting subsidies to the deserving population to be established.

Strategy does not consider financial consideration for software intervention and will rely on LGs to support this.

Strategy relies on purely state run agencies with limited private sector involvement (currently weak private sector in African small towns).

Any more?
Any questions?
Feel free to contact us for further information

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