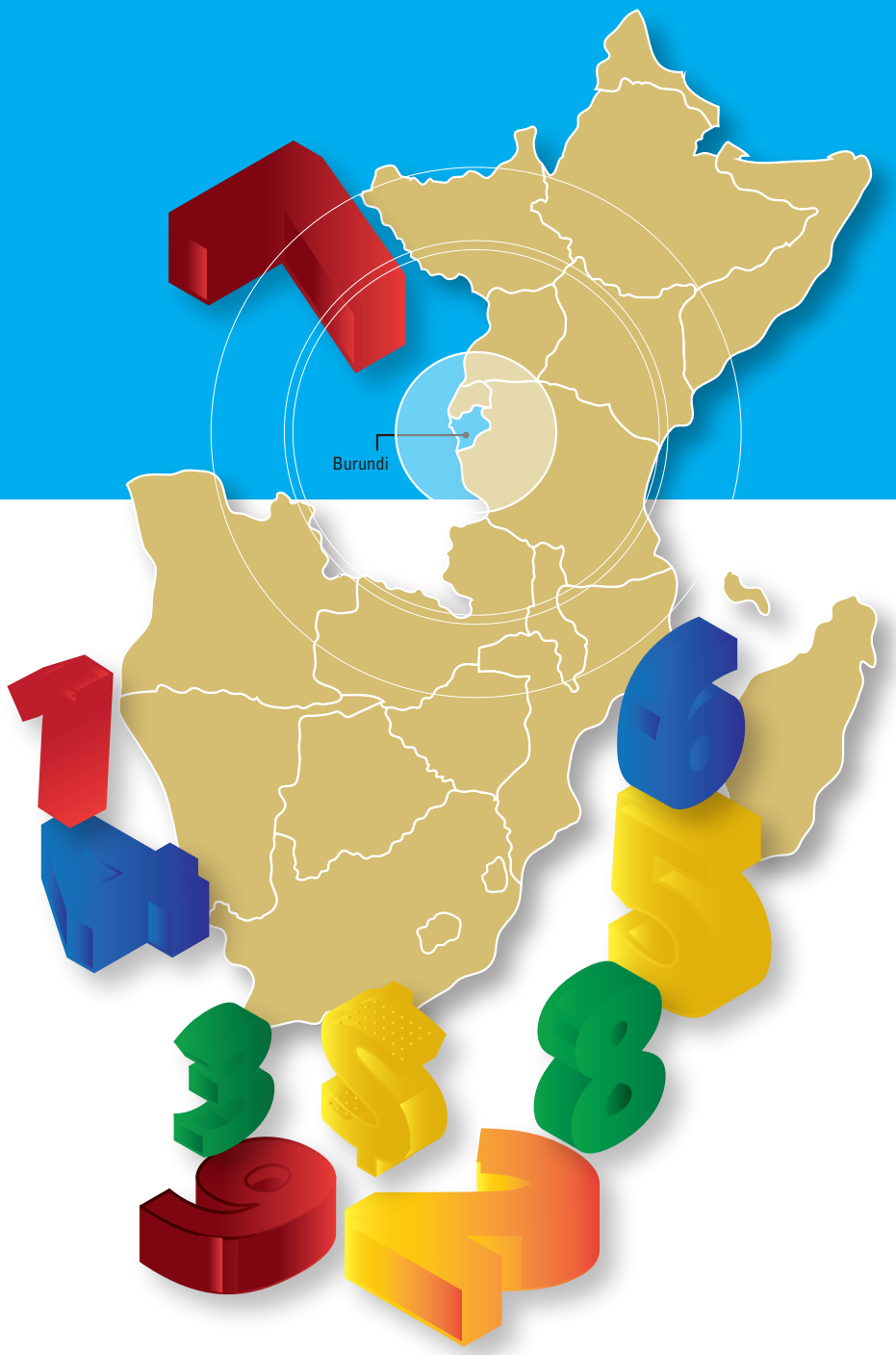


THE STATE OF WASH FINANCING IN EASTERN AND SOUTHERN AFRICA

Burundi Country Level Assessment

Oxford Policy Management
BLUECHAIN CONSULTING
AGUA CONSULT
unicef for every child

Authors: Goufrane Mansour, Oxford Policy Management, in collaboration with Agua Consult and Blue Chain Consulting, Oxford, UK.

Reviewers: Samuel Godfrey and Bernard Keraita, UNICEF Regional Office for Eastern and Southern Africa, Nairobi, Kenya, and Daniel Spalthoff (UNICEF Burundi Country Office),

Acknowledgements

The author wishes to thank all other contributors from the UNICEF Burundi Country Office, Government of Burundi and development partners. Special thanks go to UNICEF Burundi for facilitating the data collection process in-country.

September 2019

The State of WASH Financing in Eastern and Southern Africa

Burundi Country Level Assessment

© UNICEF/UN0185043/Haro

Table of contents

Executive summary

Background, objectives and methodology

This document sets out the state of water, sanitation and hygiene (WASH) financing in Burundi. It is part of a four-country initiative launched by UNICEF's Eastern and Southern Africa Regional Office (ESARO) in Burundi, Eswatini, Uganda and Zimbabwe. This initiative aims to fill a critical knowledge gap in the region on WASH financing by shedding light on government, donor and household financing of WASH services. The initiative aims to assess where current funding gaps are and possible options for how to bridge them. Findings and recommendations from the initiative will bolster planned advocacy activities at country level with finance ministries and WASH line ministries so that all children have access to quality WASH services.

The study methodology builds on an adapted version of the World Health Organization (WHO) TrackFin initiative. TrackFin (Tracking Financing to WASH) is a methodology developed by WHO to identify and track financing to the WASH sector at national or sub-national level in a consistent and comparable manner. Financial data was collected directly from stakeholders involved in WASH financing in Burundi, including the Government, service providers and development partners. Secondary data was also utilized, particularly national budgets, UNICEF WASH budget briefs and service providers' annual reports.

This report sets out the overall financing picture and only an estimate of financial flows to WASH. Findings from the analysis are presented for advocacy purposes only and should be confirmed by further investigation into WASH financing.

Context and WASH services in Burundi

A country marred with fragility, Burundi is living an economic crisis that penalizes vulnerable populations, especially children and the poorest in rural areas. As with other basic services, WASH services fail to be delivered to more than half the population. Rural areas, where access to basic water services barely surpass 50 per cent, suffer the most. However, urban residents (an estimated 88 per cent of whom have access at least to basic water services) are increasingly feeling the bite: not only is the urban population growing fast, rapidly creating pockets of unserved areas, but also service levels are declining, with entire areas facing days of service disruption. Combined with abysmal levels of poor sanitation (only 51 per cent and 46 per cent of the rural and urban population respectively benefit from improved facilities and there are very limited transport and treatment services), the situation leads to recurrent and deadly cholera outbreaks in major cities such as Bujumbura and Rumonge.

Institutions

Several national institutions have a mandate for WASH services, creating overlapping mandates and a lack of clarity on the lead institutions for coordination. Sanitation services are particularly affected, with over four national institutions mandated to oversee sanitation, including the Ministry of Water, Energy and Mines (the ministry in charge of water); the Ministry of Health; the Ministry in charge of the Environment; the Ministry of Interior Affairs; and the Ministry in charge of Transport and Public Works.

At local level, there are gaps with regards to institutional arrangements, but also critical issues of implementation capacity. To date, local arrangements for rural water services are defined in a note from 1990 (which established Régies communales as separate entities to manage water services). However, specific functions with regard to oversight of services, performance reporting and financing maintenance and repairs still need to be defined. Gaps in institutional arrangements also affect urban water services: the main water utility (Regideso) has operated without a performance contract with the Government since 2012. Regarding urban sanitation, only Bujumbura

has created a municipal waste department, which means that in other cities urban sanitation services are left completely unattended. Arrangements for rural sanitation at local level are also unclear and seem to depend on whichever donor-funded project is being implemented.

Planning for WASH

The sector critically lacks data for adequately planning WASH service development. A 10-year National Development Plan (NDP) was approved in 2018, which recognized water and sanitation as critical sectors for the country's development. However, sector ministries still need to prepare sector plans to fulfil the ambitions of the NDP, starting with setting national aspirations for service levels across the four sub-sectors; setting coverage standards (e.g. 1 water point for 150 people); identifying current baselines in terms of types of services and service levels; and identifying suitable management models to ensure that the infrastructure in place delivers over time. Without such planning, the WASH sector will not be able to make the case for further investment, and will not be able to hold all WASH stakeholders accountable for delivering on these plans.

Financing from government, donors and households

With the outset of the economic crisis in 2014, domestic public funding for WASH services severely declined. As a consequence of this decline, the capacity of national and local institutions to deliver on their mandates has been severely constrained. For example, in 2018, the actual budget allocated to DPSHA (the department within the Health Ministry in charge of sanitation services) was BIF6.6 million (US$3,573), a derisory budget compared to sector needs. In recent years, however, an important source of domestic public funds for WASH has emerged in the municipal investment fund (FONIC), which disbursed US$32 million in 2017 to all municipalities, of which an estimated 7 per cent was allocated to water infrastructure.

With regard to donor funding, WASH is not a priority for most large funders (such as the World Bank, the European Union and the African Development Bank). The OECD DAC database shows that WASH ODA disbursement per capita did not surpass US$0.9 per capita (compared with US$2.33 per capita in Mozambique, for example), despite Burundi's gross domestic product being among the lowest in the world. Donors have mainly funded water services. Rural sanitation activities are emerging, while urban sanitation is only starting to garner donors' attention.

Data is critically missing on household expenditures on WASH services. The closest estimate of household expenditure is the data shared by Regideso (the water company) on its revenues from domestic customers – amounting to US$5.6 million in 2017.

The overall financing picture

Based on expenditure data for 2017, it is estimated that at least US$19.8 million was allocated to WASH services in Burundi from taxes, tariffs and international transfers. This figure needs to be viewed with care, however, as it is only partial, relates to one year only and would need to be confirmed by further investigation.

Most funds have come from external funders, but households and municipalities (via the FONIC) are significant contributors to WASH. Most domestic public funds have been used to finance capital investment in rural water. Most domestic private funds have been used to finance operational costs in urban areas. The bulk of donor funding was found to have been allocated to rural water services, followed by rural sanitation.

The financial gap and options for addressing it

According to the UNICEF Sanitation and Water for All costing tool, Burundi requires US$45 million every year to build and maintain universal basic coverage for water and sanitation and US$77 million annually to extend access to safely managed services. Taking 2017 as a reference point for current expenditure levels, it can therefore be estimated that Burundi faces an annual financing shortfall of US$26 million to reach universal access to basic service levels by 2030. In other words, Burundi needs to unlock 127 per cent more financing than it is currently able to.

Financing needs are not equal across all sub-sectors. With regard to urban water supplies, there is a great need for additional investment in capital maintenance and network extensions (capital costs). Rural water services suffer from a deficit of funding for operational and capital maintenance costs. In fact, data collected for 2017 suggest that annual capital investment in rural water services could be sufficient to meet universal basic services by 2030. The challenge of rural water services is to leverage sufficient funding to ensure adequate operations and maintenance and sustain service provision for those who are served. This indicates great inefficiencies in the management of rural water services. Although hard data needs to be gathered, financing is needed across all types of costs to improve urban sanitation services. Similarly, financing is required to cover all costs of rural sanitation services, starting with capital costs (such as sanitation promotion and investment in improved facilities).

Considering financing needs, options to close the financing gap should consider all strategies to increase financing from taxes, tariffs and transfers, starting with domestic public funding. The annual requirement for meeting the SDG (US$77 million) only amounts to 2.42 per cent of Burundi's GDP in 2017 (current US$), which suggests that WASH services are not unaffordable using domestic resources alone. However, the country has competing priorities and donor support should play an important role in filling the financing gap.

Critical priority interventions to leverage more financing from taxes, tariffs and transfers cut across all WASH sub-sectors. First, WASH sector practitioners need to advocate for increased WASH funding, from both the Government and development partners. Advocacy efforts should be supported by solid data highlighting the needs of the sector and sub-sectors, and the influence of poor WASH on other key development areas (such as health, nutrition, education and resilience). Second, line ministries should be equipped with adequate tools to make the case for government investment in WASH, such as costed strategies based on planning using accurate baselines, service level targets and coverage standards. Finally, there should also be a serious reflection on existing service delivery models (types of service providers, tariff setting mechanisms and performance oversight) in order to make the WASH sector more attractive for (public) investors keen on long-lasting returns on investment in terms of social and health benefits.

Recommendations to the UNICEF WASH and advocacy teams

1. **Support the Government to initiate a credible WASH sector plan towards SDG targets 6.1 and 6.2:** reflect on specific sector objectives to determine national ambitions for access. Targets should be set in response to a baseline exercise, followed by a costing exercise which will identify the financing needs to reach those national objectives.
2. **Lead efforts to advocate for increased public funding for WASH, both from domestic and external funds:** initiate studies that highlight the correlation between access to WASH, poverty, health, nutrition and specific development areas such as education. The World Bank WASH Poverty Diagnostics provide a methodology that can be applied in Burundi.
3. **Facilitate exchanges between WASH line ministries and the Finance Ministry:** understand from the Finance Ministry how to make the water sector more attractive and better equip line ministries with tools and arguments to make more convincing cases.
4. **Lead efforts to ensure that tariffs – or consumer contributions to financing services – are used in an effective manner:** clarify all institutional and financing arrangements with regard to water services delivered via municipalities; formulate a strategy to improve the context of rural water service financing, and to ensure that tariffs are effectively used to sustain services and that social and health benefits from public investments are maximized.
5. **Continue to fill WASH financing data gaps:** commission studies and surveys which would shed light on consumer finance; partner with the National Statistics Office (ISTEEBU) on how best to identify consumer financing data.
6. **Continue the dialogue on the importance of data sharing on WASH sector expenditure:** ensure that the Ministry of Water (MHME) and the Finance Ministry are in the driving seats of this exercise, with adequate time and resources allocated to ensure a complete picture of WASH sector finance in Burundi.

List of tables, figures, and boxes

List of abbreviations

3Ts	Taxes, Tariffs, Transfers
AfDB	African Development Bank
AHAMR	Agency for Rural Water and Sanitation in Rural Areas (Agence de l'Hydraulique et de l'Assainissement en Milieu Rural)
AREEM	Regulation Agency (l'Agence de Régulation des Secteurs de l'Eau Potable et de l'Electricté)
BIF	Burundi Franc
CLTS	Community-Led Total Sanitation
DAC	Development Assistance Committee
DG-EA	National Directorate of Water and Sanitation (Direction Générale de l'Eau Potable et de l'Assainissement)
DHS	Demographic and Health Survey
DPSHA	Department for Health, Hygiene and Sanitation Promotion (Département de la Promotion de la Santé, de l' Hygiène et de l'Assainissement)
DRC	Democratic Republic of Congo
EU	European Union
FONIC	Municipal investment fund (Fond National d'Investissement Communal)
GDC	German Development Cooperation
GDP	Gross Domestic Product
ISTEEBU	Burundi National Statistics Institute (Institut de Statistiques et d'Études Économiques du Burundi)
JMP	Joint Monitoring Programme
JSR	Joint Sector Review
MHEM	Ministry of Water, Energy and Mines (Ministère de l'Hydraulique, de l'Énergie et des Mines)
NDP	National Development Plan
OAP	Organisation d'Appui à l'Autopromotion
ODA	Official Development Assistance
OPM	Oxford Policy Management
SDG	Sustainable Development Goal
SETEMU	Municipality Technical Service (Service des Techniques Municipaux)
SSA	Sub-Saharan Africa
SWA	Sanitation and Water for All
WASH	Water, Sanitation and Hygiene

Exchange rate: 1 Burundi Franc (BIF) = 0.00054 US$ (April 2019), except for BIF expenditures in 2017 (exchange rate is 1 BIF = 0.00058 US$)

© UNICEF/UN180045/Colfs

1 Introduction

1.1 Background and objectives

This document sets out the state of water, sanitation and hygiene (WASH) financing in Burundi. It is part of a four-country initiative launched by UNICEF's Eastern and Southern Africa Regional Office (ESARO) in Burundi, Eswatini, Uganda and Zimbabwe. This initiative aims to fill a critical knowledge gap in the region on WASH financing by shedding light on government, donor and household financing of WASH services.

The specific objectives of the initiative are to identify current financial flows to WASH services. The main guiding questions are as follows:

- Who are the main funders of WASH services?
- How much funding is currently flowing in the WASH sector?
- What is the balance between the different sub-sectors?
- What is the balance between domestic and external funding?
- What is the balance between the types of costs: e.g. are sufficient funds being allocated to cover operational costs?

In setting out this picture of WASH financing, the initiative aims to assess where the current funding gaps are and what the possible options to bridge them are. Findings and recommendations from the initiative will bolster planned advocacy activities at country level with finance ministries and WASH line ministries so that all children have access to quality WASH services.

1.2 Methodology

1.2.1 Estimating financial flows

The study methodology builds on an adapted version of the WHO-TrackFin initiative.[1] TrackFin (Tracking Financing to WASH) is a methodology developed by WHO to identify and track financing to the WASH sector at national or sub-national levels in a consistent and comparable manner. TrackFin aims to support countries to develop WASH Accounts, comparable to Health Accounts. TrackFin identifies expenditure on WASH (rather than budgets) in a given financial year so as to provide the most accurate picture of the state of WASH financing at country level.

In line with TrackFin (Figure 1), the approach to tracking financial flows for WASH in Burundi followed the following key steps:

1. Identification of 'financing units' or those who finance services based on a document review and discussion with UNICEF Burundi.

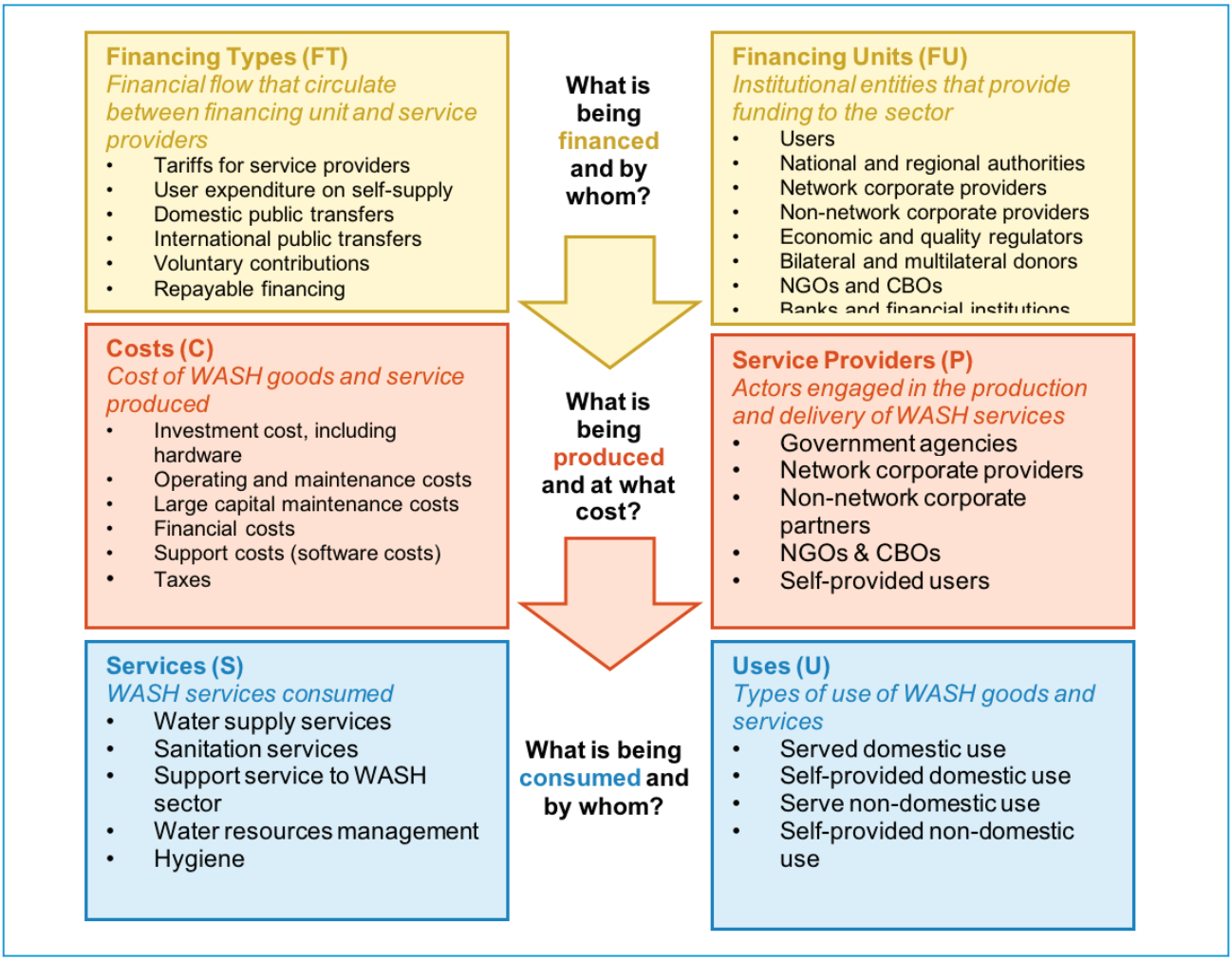
2. Using TrackFin categories, a financial data collection tool was developed to capture expenditure in a given year. This data is used to capture WASH expenditure by type of services being financed ("WASH services consumed"), and types of costs being financed ("costs", e.g. investment, capital maintenance or operations). This study reports on expenditure for the calendar year 2017. This was agreed with UNICEF's Burundi office on the basis that government budget execution reports for 2018 were not yet available.

[1] https://www.who.int/water_sanitation_health/monitoring/investments/trackfin/en/

3. All service providers were identified to assess expenditure from tariffs.

The data collection tool was shared with all identified institutional financing units involved in Burundi (all key ministries, donors and NGOs). Further investigation was carried out through review of documents, including UNICEF budget briefs, the Budget Law (Loi des Finances) and the main water utility's (Regideso's) annual reports. A list of documents consulted is enclosed in Section 10. Discussions in country with UNICEF, line ministries, key service providers, agencies and donors were critical to build a qualitative assessment of WASH financing in the country.

Figure 1: Mapping financial flows for WASH using the TrackFin methodology



Source: (WHO and UN Water, 2017)

1.2.2 Estimating the financing shortfall and formulating options to address the gap

The financial shortfall facing Burundi against the SDG targets was estimated using a 'costing tool' developed by UNICEF Sanitation and Water for All (SWA). The tool presents the annualized costs of achieving universal basic services or universal safely managed services by 2030. It enables identification of the costs by sub-sector and by cost component (capital, capital maintenance and operational costs). The tool builds on key population data (population growth in rural and urban areas) as well as unit costs of various services and assumptions about the gradual expansion of services across populations.

In contexts where proper costing of WASH services has yet to be carried out (such as Burundi) the UNICEF-SWA tool is a good resource to estimate the required financial outlays to meet the SDGs.

However, the results derived should be used with caution as all assumptions need to be verified in a national exercise. This follow up has not happened in Burundi as of April 2019.

Based on the identified financing shortfall and the specific context of the WASH sector in Burundi, this report formulates options to support the Government and donors to gradually address the financing gap. In providing these strategic recommendations, the report recognizes that improving the financing framework for WASH (by, for example, increasing funding or improving the allocation of existing funds) requires a multi-pronged approach that addresses critical institutional issues. In particular, recommendations are formulated to reinforce the planning process for WASH services and to promote collaborative efforts between line ministries, the budget ministry and donors.

1.3 Caveats

The financial data presented in this report are only estimates of financial flows. The exercise was conducted in a short timeframe and relied on the collaboration of various stakeholders from the Government and donor organizations. As a result, some of the data are incomplete, while other data will need further verification. As of April 2019, none of the national institutions contacted were able to share expenditure data. In order to fill this gap, government expenditure was estimated based on the national Budget Law (Loi des Finances). The exercise also faced other limitations, particularly regarding consumer finance, which was only partially captured for urban water supplies. These limitations, described in more detail throughout the report, suggest the absence of a systematic process to capture WASH financing data at country level.

Similarly, figures on the financial gaps to achieving the SDGs should be used with caution. As previously mentioned, the costing tool was formulated based on assumptions which still have to be verified nationally. The data presented here provide an indicative figure for critical gaps in the sector and are a good basis for advocacy purposes. However, they should not be used for planning purposes until they are thoroughly verified.

1.4 Report structure

The remainder of this report is structured as follows:

- **Section 2** presents Burundi's socio-economic and demographic context;
- **Section 3** details the state of WASH services and institutional structures for WASH service delivery;
- **Section 4** provides findings on government financing for WASH services;
- **Section 5** gives findings on donor financing for WASH services;
- **Section 6** provides findings on consumer financing for WASH services;
- **Section 7** presents the overall financing picture for WASH;
- **Section 8** assesses the financing gap and proposes options to bridge the gap;
- **Section 9** formulates recommendations for UNICEF Burundi about what role it can play to improve the context for WASH financing; and
- **Section 10** contains the bibliography.

In addition, **Annex A** includes a list of stakeholders interviewed for this report

2 Country Context

This section presents Burundi's country context, including its recent history, demographic trends and macroeconomic context. It also provides a brief overview of its administrative framework and progress with decentralization.

2.1 History and Geography

Burundi is a small and densely populated country of around 11 million people. It is bordered by Rwanda to the north, the United Republic of Tanzania to the east and South and the Democratic Republic of the Congo (DRC) to the west. Lake Tanganyika, the second largest freshwater lake in the world, borders its west flank and endows the country with abundant water resources.

Since independence in 1962, the country has witnessed high political volatility in leadership. This volatility is fuelled by tensions between the Hutu majority and Tutsi minority. Between 1970 and the 1990s, Burundi saw two civil wars and bouts of ethnic genocide, which killed over 250,000 people. Peace agreements were signed in 2000, which opened up opportunities for the country to build itself.

However, as of 2019, the country continues to be a fragile state. Tensions were reignited in 2015 as President Pierre Nkurunziza announced that he would seek a third term as president. Constitutional changes were endorsed by referendum in 2017, allowing him to seek the presidency up until 2027. The international community has denounced a crackdown on the opposition and human rights violations. Diplomatic tensions led to many countries, including European Union (EU) countries, interrupting bilateral cooperation.

Deforestation, land degradation and exposure to climate change exacerbate Burundi's fragility. The country experiences alternating cycles of excess and deficit rainfall nearly every decade, as well as an overall increase in mean temperature, with the dry season getting longer. Past extreme weather events include severe floods in 2006 and 2007 and severe droughts in 1999–2000 and in 2005 (World Bank, 2018).

An estimated 150,000 Burundians are internally displaced, a result of both climatic shocks and political tensions. In addition, the country is vulnerable to threats of Ebola virus due to its porous border with DRC, where an outbreak was declared in August 2018.

2.2 Demography

Burundi is predominantly a rural country. With only 13 per cent of the population living in urban areas, Burundi is the least urbanized country in Sub-Saharan Africa (SSA). The economic capital is Bujumbura, home to 500,000 people (about 61 per cent of the country's urban population). Gitega (recently declared the administrative capital), Bururi and Ngozi are the largest secondary cities with populations of between 40,000 and 50,000 people.

Burundi's population is growing at an average of 3.2 per cent a year. Urban growth is particularly strong, at 5.7 per cent a year (World Bank).

Vulnerable populations are particularly at risk of nutritional deficiency and diarrhoeal disease. According to the Demographic and Health Survey (DHS), 56 per cent of children under five are stunted (their heights smaller than they should be for their age).[2] Stunting, a sign of chronic undernutrition, is twice as prevalent in rural areas (59 per cent) than in urban areas (28 per cent). In addition, anaemia affects at least 61 per cent of children (ISTEEBU, 2017).

2.3 Macroeconomy

A result of its deep fragility, Burundi is one of the poorest countries in the world. Close to 75 per cent of its population live below the international poverty line of US$1.90 per day. Burundi's GDP per capita only reached US$240 per year in 2017, making it the country with the lowest per capita income in the world according to the World Bank. Burundi is also one of the least developed countries in the world, ranked 185 out of 189 in the 2017 Human Development Index (UNDP, 2018).

Economic growth has steeply declined since the political crisis began in 2015. Indeed, between 2009 and 2014 the country experienced gross domestic product (GDP) growth rates of 4 to 5 per cent a year, but in 2015 the economy sharply contracted, with negative growth of 3.9 per cent (World Bank). Disruption of development aid has been a major factor in declining economic conditions. Growth has stalled since, barely reaching 0.5 per cent in 2017.

The economy is largely grounded on the agricultural sector, which accounts for about 40 per cent of GDP (World Bank, 2018). Agriculture employs an overwhelming 86 per cent of the workforce and is characterized by small-scale, low-technology farming. Until 2015, economic growth was driven by expansion of the service and industry sectors. However, a drop in the urban formal and semi-formal economy (which is dependent on development aid) led to a reduction in service and industry outputs. In parallel, international price shocks have affected coffee and tea, Burundi's main export crops, negatively affecting its GDP.

The effect of this economic crisis on populations is considerable. Already marred by endemic poverty, hunger and malnutrition, the population's living standards are being further degraded. As of February 2016, 1.1 million Burundians were in need of humanitarian assistance due to shortage of food and basic services. At the same time, a reduction in international funding and programmes, and the reduced presence of civil society has severely affected basic service delivery (Crisis, 2018).

2.4 Administrative set-up and decentralization

In the early 2000s, Burundi embarked on decentralization reforms to improve governance. A new constitution was adopted in 2005, which provided for the creation of communes or municipalities as decentralized administrative units. In 2019, Burundi is composed of 119 communes.

A Law on Municipalities' Mandates, adopted in 2015, allocates responsibility for local development to communes.[3] Municipalities are also responsible for ensuring that populations have access to basic services, including water and sanitation. The Law also tasks the central government to transfer financial resources to municipalities for them to fulfil their mandates, and enables communes to levy local resources via taxes, licences and other municipal charges.

In 2007, the Government created a municipal investment fund (Fonds National d'Investissement Communal: FONIC) to boost local development. Administered by the Ministry of the Interior, Patriotic Formation and Local Development, FONIC is intended to mobilize domestic and external resources and transfer these resources to decentralized communes to support local investment. As of 2019, FONIC was operational and transferred a standard figure of BIF 500 million (US$270,000) to each municipality. In 2017, FONIC transferred a total of US$32 million to all 119 municipalities.

[2]The World Health Organization (WHO) defines stunting as a height-for-age value less than two standard deviations from the WHO-defined median.

[3]Government of Burundi (2015): Loi des modalités de transfert des compétences.

3 WASH Sector Context

This section presents the situation of WASH services in Burundi. It starts with an overview of levels of access to WASH services, mostly based on figures from the Joint Monitoring Programme (JMP). To highlight gaps in service delivery, it also captures some key data on the types of services currently available (or not available) for Burundians. It then presents the institutional framework as of April 2019, from national institutions to service providers, with the main objective being to identify all key stakeholders involved in WASH financing. The section also highlights current policy setting and provides a brief overview of the development of private sector participation in WASH services.

3.1 Access to WASH services

Nearly half of Burundi's population lacks access to at least basic WASH services, according to the JMP. While 50 per cent of the country has access to at least basic sanitation services, access to basic water stands at 56 per cent. In urban areas, according to JMP figures, 88 per cent of the urban population benefits from at least basic water services. However, this figure is questioned by some local WASH experts: urban areas served by the national provider are potentially larger than the areas considered urban in the JMP estimates, and include larger pockets of unserved populations. In rural areas, where the large majority of Burundi's population resides, the JMP estimates that access to at least basic water services does not exceed 51 per cent (Figure 1).

Access to improved sanitation has stagnated since 2000. Open defecation has slightly increased since 2000, but it is only practised by a fraction of the population. Overall, there is a great need for populations to access improved services, in both rural and urban areas (Figure 2). Limited data is available on hygiene services at household level.

Figure 2: Household access to water services, Burundi (2000-2015)

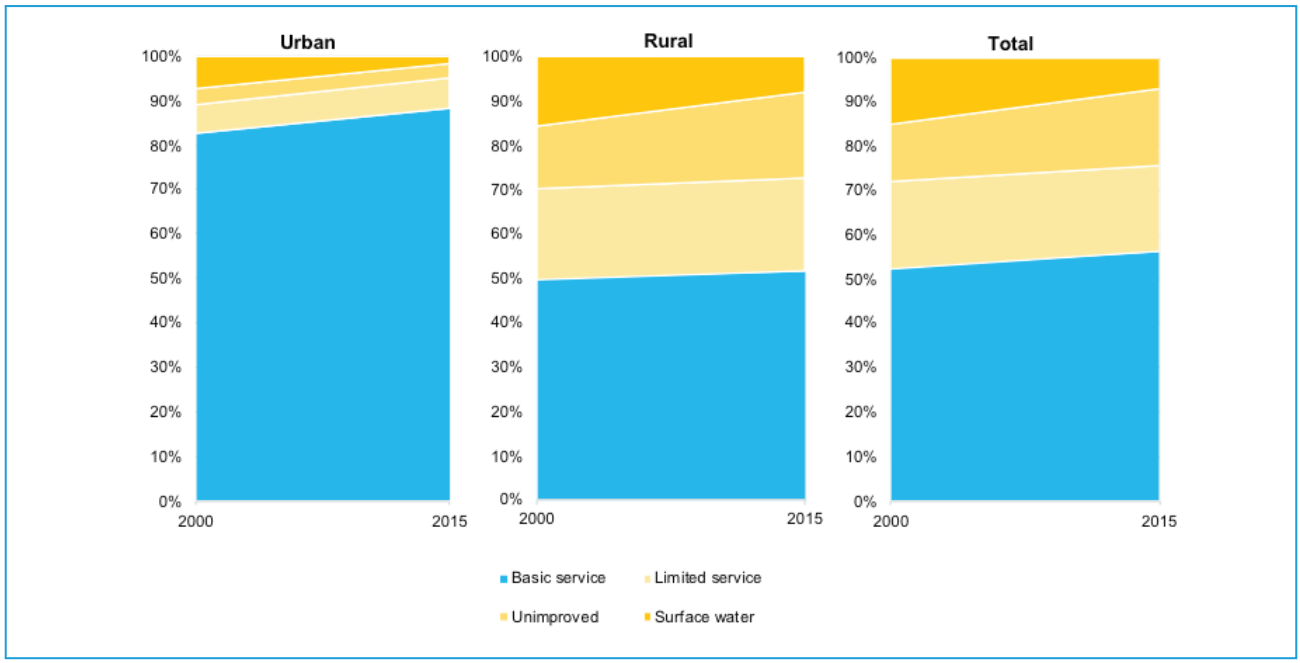
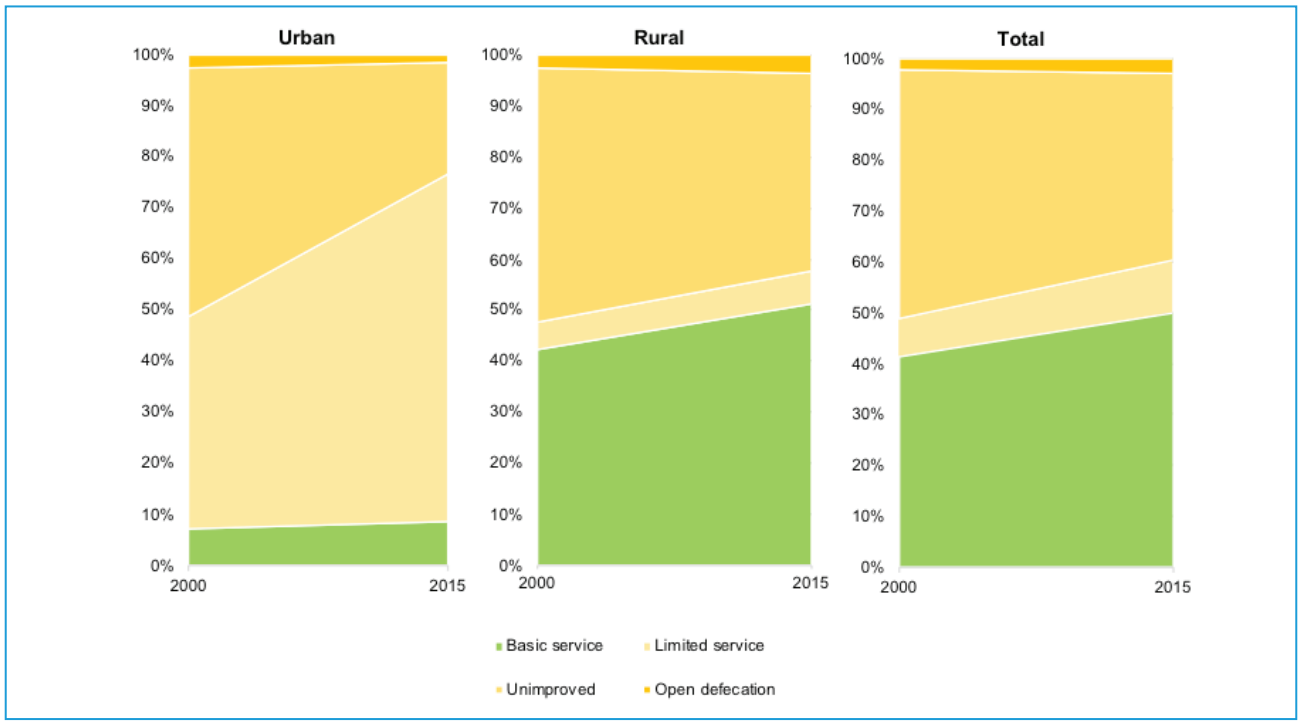


Figure 3: Households' access to sanitation services, Burundi (2000-2015)



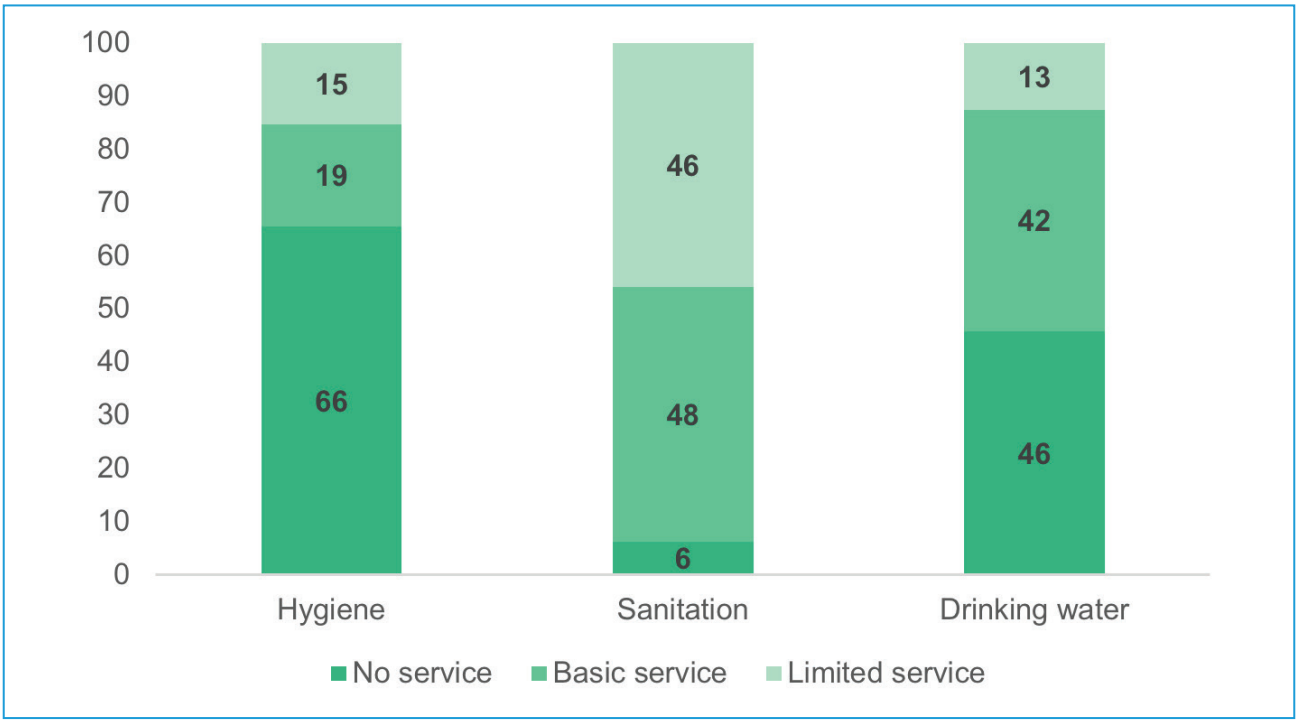
Source: JMP (2017)

There is also a contrast between urban and rural areas in service levels. While 87 per cent of urban residents benefit from piped water on their premises, only 25 per cent of rural areas benefit from such services (JMP, 2017). However, urban piped water services are affected by service interruptions, which can last for several days (up to one week in some peri-urban areas). In rural areas the main sources of water are protected springs, but anecdotal evidence indicates that no service provider tests water quality.

Sewage services only reach 3 per cent of urban residents in Burundi, or 0.61 per cent of the total population. In urban areas, most households use unimproved latrines shared between several families and more than 20 people. Septic tank and pit emptying services only exist in Bujumbura and are only nascent in Gitega (the second largest city), a situation posing challenges for the sustainability of institutional sanitation (in schools and health centres). Treatment services are also extremely limited: the only wastewater treatment plant situated in Buturere in Bujumbura (which is also used for dumping faecal sludge) does not function. As a result, 100 per cent of wastewater and faecal sludge produced in all the cities and towns in Burundi is discharged untreated into the environment. The combined result of poor sanitation and inadequate water supplies has resulted in chronic deadly cholera outbreaks affecting major cities such as Bujumbura and Rumonge (the latest reported outbreak occurred in February 2019).

In the education sector, the JMP estimates that only 48 per cent of schools nationally provide basic sanitation services, 42 per cent provide basic water services and 19 per cent basic handwashing facilities (Figure 3).

Figure 4: Access to WASH services in schools (per cent)



3.2 Institutional structure

In recent years, the institutional structure of WASH services has been subject to recurring changes (changes in ministries' names and merger or separation of ministries). This section presents key institutions involved in WASH services by sub-sector as of April 2019, including service providers. It presents national institutions, before presenting local institutions where relevant. The Ministry of Finance is a key ministry for all sub-sectors, as it takes the final decision with regard to national fund allocation.

3.2.1 Arrangements for urban water

At national level, the key institutions for urban water supply are:

- **The Ministry of Water, Energy and Mines (Ministère de l'Hydraulique, de l'Energie et des Mines or MHEM) through the Direction Générale de l'Eau Potable et l'Assainissement de Base (DGEPAB).** The MHEM is in charge of setting policy and monitoring service provision. It also plays a role in influencing Ministry of Finance decisions on resource allocation through the Medium-Term Expenditure Framework, which set out its expenditure priorities during the national budgeting process. MHEM also mobilizes external funds (from donors).
- **The Regideso,** the national electricity and water public utility: Regideso has the mandate to cover all urban areas of the country, including urban centres outside the capital and secondary cities. Regideso is a corporatized utility, but its board members and directors are appointed by the President, after recommendations from the MHEM. Regideso is in charge of planning and executing investments as well as operating and maintaining water facilities. Regideso should, in principle, operate under a performance contract with the Government (a so-called contrat-plan), but the last contract expired in 2012 and has not been renewed since.
- **The Regulation Agency (l'Agence de Régulation des Secteurs de l'Eau Potable et de l'Electricté or AREEM), under the MHEM.** AREEM is mandated to provide economic regulation of water (and energy) services, but does not do this for water services in practice.

Since Regideso is in charge of all urban areas, no other entity (at local level) has official responsibility for urban water supplies. Informal water vendors exist and do help populations cope with service interruptions. Water vendors source their water from Regideso's network – that is, from public taps – before reselling to households.

3.2.2 Arrangements for rural water

At national level, the key institutions are:

- The **Ministry of Water, Energy and Mines** (Ministère de l'Hydraulique, de l'Energie et des Mines or MHEM) through its Direction Générale de l'Eau Potable et de l'Assainissement de Base (DG-EA). DG-EA contributes to policy and planning for the sub-sector and to mobilizing financial resources from the Government and donors;
- The **Agency for Rural Water and Sanitation in Rural Areas** (Agence de l'Hydraulique et de l'Assainissement en Milieu Rural or **AHAMR**) is in charge of policy setting and is in charge of executing government policy and investments. AHAMR also provides technical support to decentralized municipalities and rural water service providers through its decentralized branches.
- The **Ministry of the Interior** (Ministère en charge de l'Intérieur) manages the fund for local development, the **Fond National d'Investissement Communal or FONIC**, which makes an annual transfer of BIF 500 million (US$272,000) to each commune in the country (for all development activities, including water).

A National Water Coordination Committee (Comité National de Coordination de l'Eau) was created in recent years (to oversee coordination in the sector) but did not appear to be active in2019.

At local level, **municipalities** have the responsibility to plan and oversee services, as well as to allocate resources. Municipalities are tasked to develop Municipal Development Plans (Plans Communaux de Développement Communautaire), which should make provision for water service development. Water works are executed by municipalities, with technical support from AHAMR.

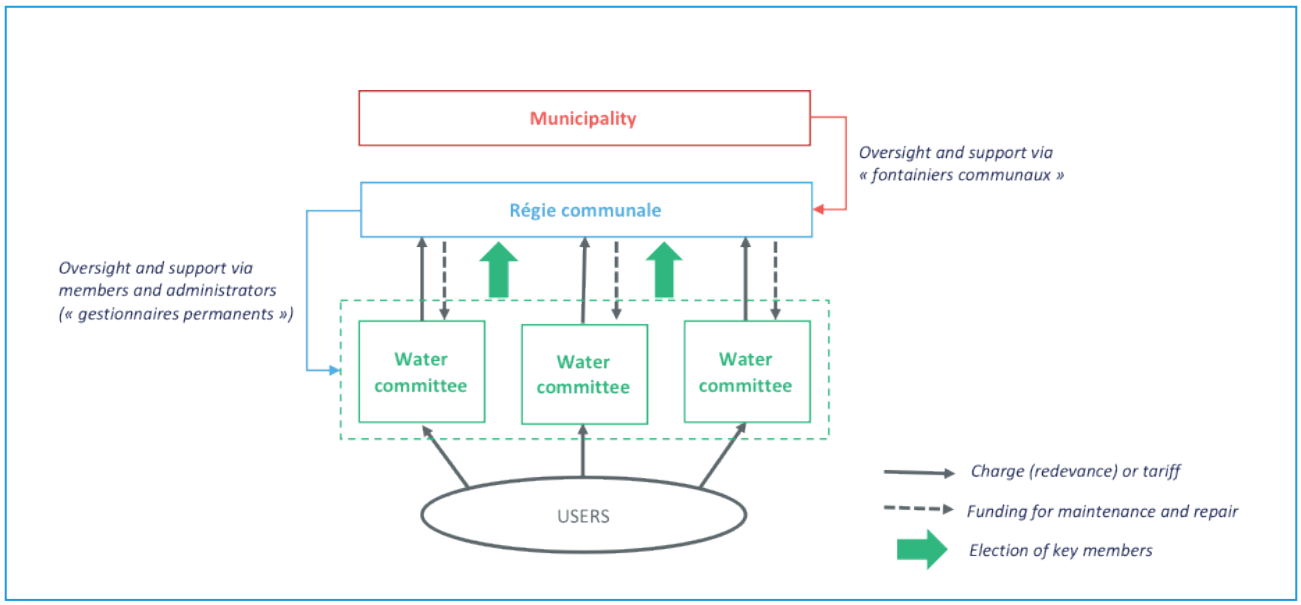
Municipalities source their funds from the FONIC, as well as internally generated funds (through local taxes, licences and fees). All municipal staff are paid using internally generated funds. The Municipal Councils (Conseil communal) oversee resource allocation.

Within each municipality, a Technical Service (Service Technique) is supposed to provide maintenance support for service providers (régies communales: see below), via fontainiers communaux. However, Technical Services are constrained by very limited human and financial resources: they are severely underfinanced by the municipal councils, according to stakeholders consulted.

According to a legal framework dating back to 1990, once the water system is in place, municipalities should delegate infrastructure management to so-called Regies communales (municipal providers) through a delegation agreement (convention de délégation).

Régies communales are water service providers in rural areas. They operate as associations on a not-for-profit basis (Associations à But Non-Lucratif) and usually comprise five key members (including a president and a treasurer). Members are elected by water users' representatives through general assemblies. Régies communales are tasked to oversee the functionality of services (water points and household connections) across all rural areas within each commune. Some Régies communales cover areas with population of over 400,000 people. To facilitate daily operations, Régies Communales are supported by water committees, which manage individual water points. Régies can also hire administrators (gestionnaires permanents) to support their activities. Figure 4 is a schematic overview of institutional arrangements for rural water service delivery as of April 2019.

Figure 5: Institutional set-up for rural water service delivery



Other local institutions have been identified, such as Technical Advisors for Development (Conseillers Techniques de Développement). However, their specific role with regard to WASH and whether they are operational could not be established in the context of this study.

3.2.3 Arrangements for urban sanitation

Responsibilities for urban sanitation are very fragmented and ill-defined. At national level, the key institutions are:

- **The Ministry of Public Works, Transport and Equipment (Ministère des Travaux Publics, du Transport,** de l'Equipement et de l'Amenagement du Territoire) delivers housing construction permits, which should hold permit holders to account for ensuring adequate sanitation facilities. In practice, however, few landlords provide tenants with improved latrine facilities;
- **The Ministry of Health through its Department for Health, Hygiene and Sanitation Promotion (Département de la Promotion de la Santé, Hygiène et Assainissement or DPSHA).** The DPSHA formulates norms for sanitation facilities. It has a role in approval of construction permits through its **National Sanitation Service** (Service National de l'Assainissement). It is also involved in enforcing sanitation norms, especially for public or private commercial settings.
- **The Ministry of Environment:** its specific role with regard to sanitation (such as setting effluent standards or licensing private operators) could not be identified in the timeframe of this study.

At local level, in principle, all municipalities (or communes) should have a Service Technique des Communes or SETEMU (Municipality Technical Service) in charge of sanitation (both solid and liquid waste). In practice, only Bujumbura's municipality has established a **SETEMU**, which reports to the municipality and the Ministry of the Interior. Bujumbura's SETEMU is, in principle, in charge of planning and delivering services directly. But its activities are very limited: in practice there is no planning for urban sanitation services (across all the sanitation value chain).

Urban sanitation service providers are:

- **SETEMU,** which manages the small sewerage network of Bujumbura;
- **Faecal sludge emptying service providers,** mainly located in Bujumbura (there are an estimated two or three companies operating vacuum trucks and covering the city); and
- **Households** who invest in and manage their sanitation facilities (including landlords who invest in tenants' facilities).

3.2.4 Arrangements for rural sanitation

Institutional responsibilities and coordination mechanisms for rural sanitation are not very clear. The main national institutions with responsibility for sanitation are:

- **The Ministry of Health through the Department for Health, Hygiene and Sanitation Promotion** (Département Promotion de la Santé, Hygiène et Assainissement or DPSHA), which is in charge of planning hygiene and sanitation promotion activities; within donor financed projects, DPSHA monitors and validates the results of projects targeting open defecation. DPSHA is also involved in designing and rolling out communication activities with regard to hygiene promotion, and oversees Health Promotion Technicians (Techniciens Promotion Santé) who are stationed in each municipality.
- **The Ministry of Water, Energy and Mines (MHEM)** has responsibility for sanitation via its DG-EPAB, but its specific responsibilities have not yet been defined and it is not involved in rural sanitation activities in practice.
- **The Agency for Rural Water and Sanitation in Rural Areas** (Agence de l'Hydraulique et de l'Assainissement en Milieu Rural or AHAMR) mainly executes investment plans related to institutional sanitation.
- **The Ministry of the Interior** oversees municipalities' performance, including with regard to sanitation: the specific indicators used by the Ministry could not be identified in the context of this study.
- **The Ministry of Education** is in charge of ensuring adequate water and sanitation facilities within schools. In practice, the Ministry has little means of control over school designs, including WASH facilities.

In practice, all the above institutions are unable to fully deliver on their mandates, mostly due to human and financial resources constraints, as further described in Section 7.

At local level communes, through SETEMU, are supposed to be in charge of rural sanitation. In practice, however, very few sanitation activities are planned by municipalities.

3.3 WASH sector policies, strategies and plans

The National Development Plan (NDP) is the overarching planning framework guiding government actions, including in the WASH sector. The latest NDP (2018-2027) has recognized for the first time the water sector (including sanitation) as key to boosting growth, together with energy, transport and information and communications technology. The NDP set the targets to "improve access to services" and "improve the water and sanitation sector management" and proposes 10 sector-specific objectives in order to realize its ambitions, related to both infrastructure development and institutional strengthening.

This promotion of the water sector as a key to national development objectives has provided sector institutions with renewed impetus for the formulation of sector strategies. Although the NDP has included WASH among its key development objectives, it does not provide specific targets nor strategies to achieve objectives. Sector institutions have been tasked to formulate such strategies. As of April 2019, however, the NDP has yet to be translated by water sector institutions into detailed and costed water sector plans.

The Water Policy (2009) set the guiding principles of government actions in the water sector. These key principles include a government commitment to ensuring the availability of water resources (giving priority to domestic users), equitable access to good drinking water quality, sustainable use of water and a viable environment (Gouvernement du Burundi, 2009). The Water Policy also sets out the intention for the water sector to plan and mobilize investments through a programmatic approach. Finally, it provides a detailed action plan to achieve the Government's ambitions for sustainable and equitable water and sanitation services, starting with detailed inventories and the allocation of institutional responsibilities.

The national Water Strategy was developed in 2010, and provides a detailed and costed action plan up to 2020 to implement the national policy. In addition to identifying critical infrastructure work to be carried out, it commits the Government to putting in place an adequate regulatory environment for financially sustainable water services, both in rural and urban areas. The Strategy sets a target of full cost recovery from tariffs in urban areas, and to recover operations and maintenance costs in rural areas. With

regard to sanitation, the Strategy includes the aim to introduce a volumetric tariff system for wastewater disposal (Gouvernement du Burundi, 2010).

A Sanitation Policy was adopted in 2013 setting the objective of providing all Burundians with access to sustainable sanitation services. A specific timeframe was not provided for achieving the vision, however. The policy also sets eight main types of intervention to achieve the objective, including strengthening the legal framework, clarifying institutional roles, strengthening human resource capacity, hygiene promotion and service improvement. An action plan was also formulated, which identified concrete measures to be implemented in order to achieve policy objectives. Community-Led Total Sanitation (CLTS) was adopted as a key strategy to deliver sanitation objectives (Gouvernement du Burundi, 2013).

3.4 Private sector participation

Private sector participation (PSP) in WASH services is embryonic and primarily concerns faecal sludge services in Bujumbura. Private operators of vacuum trucks have emerged with the weakening capacity of Bujumbura municipality to deliver services. There are currently three private companies that offer faecal sludge emptying services (it is not clear whether they operate under general business licences or also have environmental licences). Anecdotal evidence suggests that the fleet is sufficient to cover the needs of the city. Private operators have not yet ventured into secondary cities and towns, which means that households and institutions do not have access to emptying services. This situation poses a challenge for the sustainability of improving sanitation services, which is more acute in institutional settings.

PSP is limited in other WASH sub-sectors. In urban areas, water vendors (usually individuals rather than formal companies) provide services in areas that Regideso is not yet able to reach or during service interruptions. Water vendors source their water supplies from Regideso's own network, as previously mentioned. No registered company is yet involved in service provision in rural areas (other than construction and drilling companies).

With the current service delivery model in rural areas increasingly showing its limits, policy makers – and AHAMR in particular – are keen to test new approaches involving the private sector. However, the enabling conditions for PSP to materialize, especially with regard to legal and financing arrangements, need to be addressed and further strengthened, as described in Section 7.

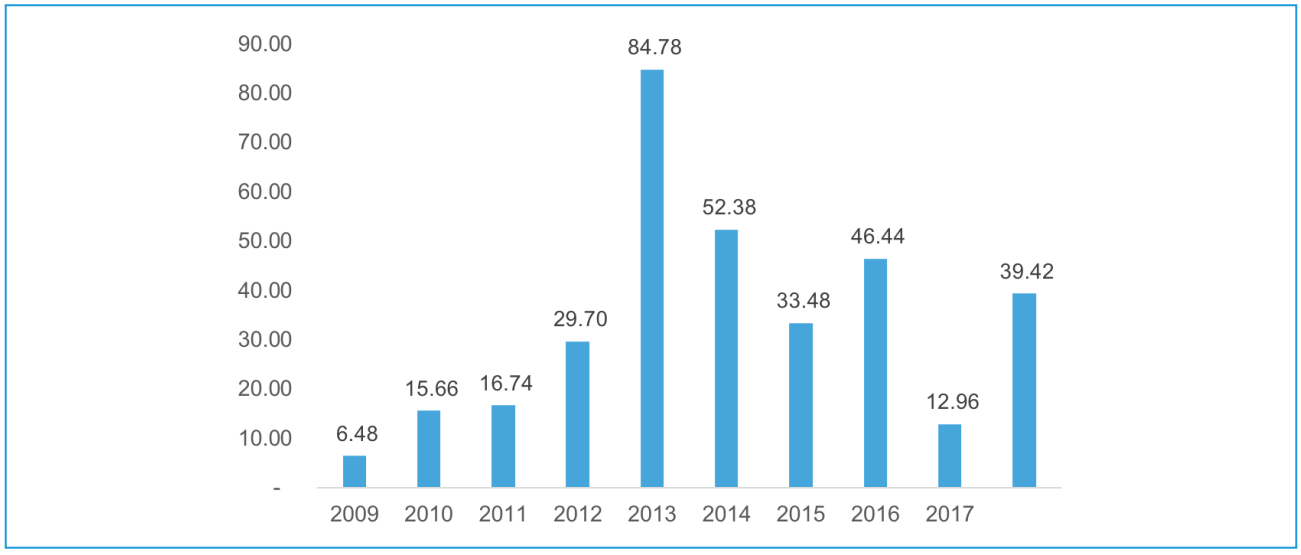
4 Government Funding of WASH Services

This section presents recent trends in government funding of WASH services through taxation over recent years, using WASH Budget Briefs prepared by UNICEF, Finance Laws and data from the FONIC administration. It also identifies which frameworks guide government funding, as well as donor engagement in WASH services. Further details on government funding by sub-sector is provided in Section 7.

4.1 Recent trends

Domestic public finance for WASH has declined in recent years (Figure 6). Between 2008 and 2012, there was a gradual increase in budgetary allocations from the Finance Ministry to line ministries, but allocations have steeply declined since 2013 and been more erratic since. In 2008, BIF 12 billion (US$6.5 million) was allocated to WASH ministries: this had risen to BIF 239 billion (US$129 million) in 2012 (UNICEF, 2017). However, from 2013 onwards, central government funding to WASH ministries declined. In 2017, government funding to WASH ministries amounted to BIF 154 billion (US$83 million), compared with BIF 45 billion (US$24.3 million) in 2016 and BIF 156 billion (US$84 million) in 2015. In 2017, this allocation to WASH sector ministries amounted to some 11 per cent of total allocations to all ministries.

Figure 6: Government financial allocations to WASH ministries (inflation-adjusted, US$ million)



Source: UNICEF WASH Budget Brief (2017)

It is important to note that these central government transfers to line ministries do not represent actual expenditures on the WASH sector. First, all line ministries for WASH have other responsibilities than WASH (including important sectors such as energy, health, transport and so on). This means that actual budgets for WASH are likely to be only a fraction of the transferred budgets. For example, in 2018, the actual budget allocated to DPSHA (the department within the Ministry of Health in charge of sanitation services) was BIF 6.6 million (US$3,573), a budget derisory in comparison with sector needs. Further assessment of government funding for the sanitation and other WASH sub-sectors is provided in Section 7.

Second, budget execution reports are not publicly available, and therefore cannot be consulted to identify budget execution for WASH. An alternative methodology has been designed in the context of this study to assess expenditure, with the results presented in Section 7 below.

With decentralization, and the setting up of a communal development fund (FONIC), municipalities have become an important source of funds for water and sanitation. According to FONIC's records, municipalities collectively invested BIF 6.8 billion (US$3.7 million) in developing water services in 2018, compared with BIF 4.2 billion (US$2.27 million) in 2017 and BIF 1.2 billion (US$ 49,000) in 2016. This indicates that local investment in water is increasing. There is little evidence, however, that municipalities make any investment in improving sanitation services.

4.2 Financing of strategies, plans and programmes

In principle, the NDP provides an overarching framework for channelling government funding into key sectors of growth. In order to realize the NDP's ambitions, the WASH sector would need to develop costed sectoral plans, which would enable planning and allocate investments accordingly.

However, the sector has yet to initiate a national planning process that would provide accountability mechanisms towards implementation of the NDP. Critical activities that need to be implemented include: establishing the baseline level of existing infrastructure and access, setting realistic targets for WASH services (access and service levels) towards which national institutions and development partners would be accountable, and norms and standards for access levels (such as one water point for 250 people), estimating the costs of reaching targets, and clearly allocating roles and responsibilities, including with regard to financing, for reaching objectives.

The country has developed a Water and Sanitation Strategy (see Section 3.3), which should also provide a framework for channelling funds in a coordinated manner. Until 2014, the Strategy did provide such a coordination framework. Joint Sector Reviews (JSR) were organized (with significant support from GIZ) to assess progress against this Strategy. However, the withdrawal of key WASH sector funders and the interruption of bilateral aid has stalled coordination efforts. As previously highlighted, lack of funds has been a major constraint of the WASH sector. Key ministries critically lack human and financial resources to disseminate policies and strategies and exercise their mandates with regards to facilitating and controlling their implementation. In practice, this means that WASH institutions lack the funds to organize sector events and wider coordination activities.

4.3 Framework for donor engagement in the sector

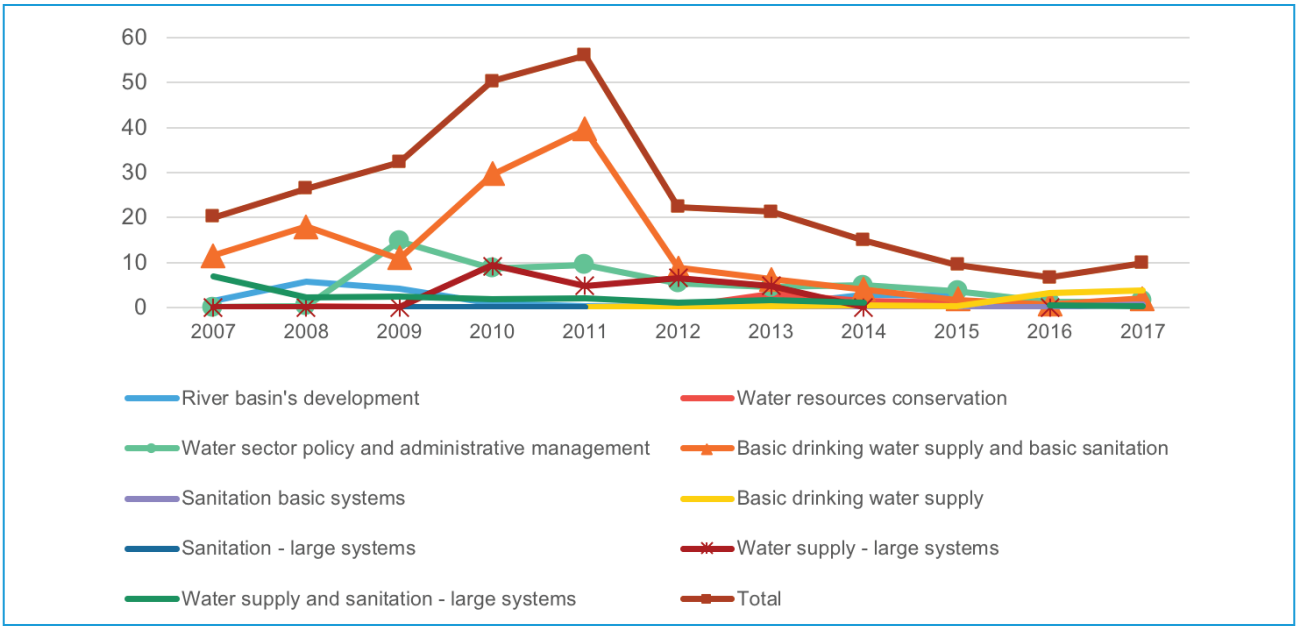
As of April 2019, the WASH sector is mostly funded by a project-based approach. Most donors active in the sector channel funds via national and international NGOs. Some donors, such as UNICEF and the African Development Bank, do channel funds via government institutions (particularly Regideso, DPSHA and AHAMR). However, funding is allocated on a project basis rather than contributing to implementation of a national programme. Donors tend to conform with government policy, for example, by implementing CLTS, supporting the establishment of water committees, strengthening Régies communales, and supporting Regideso to boost urban water supplies. However, these efforts are uncoordinated, delivering results which are not collectively tracked and do not feed into informing national partners on optimum approaches to reach government objectives.

5 Donor funding of WASH Services

5.1 Recent trends

Recent years have seen a substantial decline in donor funding for the WASH sector (Figure 4). While donor funding peaked in 2011, with US$56 million disbursed, only US$9.7 million was disbursed in 2017 for water and sanitation according to the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) database. This decline has mirrored the onset of political crises in Burundi.

Figure 7: ODA disbursement flows for the water sector in Burundi (2007-2017) in US$ million



In 2017, per capita official development assistance (ODA) flows to the water sector in Burundi were lower than in countries with comparable (or even higher) GDPs, such as the Democratic Republic of the Congo (DRC) and Mozambique (Table 1).

Table 1: ODA disbursements for water and sanitation in Burundi compared to DRC and Mozambique

	GDP per capita PPP (2017)*	ODA for water supply and sanitation**	ODA disbursement per capita (2017)
Burundi	733	9.7 million	0.89
DRC	887	77.3 million	0.97
Mozambique	1,247	69 million	2.33

**PPP, Current International US$, 2017*

*** Disbursements, in US$*

Source: OECD and World Bank data

The main development partners and funders engaged in the water sector in Burundi as of April 2019 are German Development Cooperation (GDC) via GIZ and KfW, UNICEF and the European Union. Until 2018, the African Development Bank (AfDB) was financing a regional (multi-country) water and sanitation project that also benefited some urban areas in Burundi. The World Bank, which has mainly been involved in nutrition programmes, is increasingly interested in WASH as ties between nutrition and access to WASH services become apparent. WASH is not a core component in active EU projects, but appears as a cross-cutting issue in a programme focused on nutrition. The EU is preparing a project with an urban wastewater management component for 2019-2023 (Table 2).

The bulk of donor funding is currently being allocated to rural WASH, as further detailed in Section 7. A summary of donor-funded WASH programmes that are ongoing or have recently closed is presented in Table 2 below.

Table 2: Main donor-funded WASH projects as of April 2019

Development partner	Project name and timeframe	WASH sub-sector	Total funding committed for WASH
KfW	Urban Water (2017-2020)	Urban water	EUR5 million
GIZ	PROSECEAU (2017-2021)	Urban and rural WASH	EUR12 million
UNICEF	Water, Hygiene and Sanitation (2019-2023)	Rural WASH	US$12 million
EU	Sustainable Rural Development Support Programme for Nutrition (ADRN) (2017-2019)	Rural WASH	EUR2 million
EU	5 WASH projects within the "Rural Development and nutrition" component of ta larger programme (Appui à la résilience des populations du Burundi) (2018-2021)	Rural WASH	EUR2.47 million
EU	Lake Tanganyika Water Management (2019-2023)	Urban sanitation	EUR843,750
AfDB	Lake Victoria Water Supply and Sanitation Program Phase ii (2010-2018)	Urban WASH	EUR12 million

5.2 Main modalities

Since the interruption of the EU cooperation with the Government, EU funds (including from the GDC) are channelled via national and international NGOs. This has led to the interruption of critical activities related to large and much-needed infrastructure work. Other activities related to strengthening sector institutions have also stalled. The main NGOs involved in WASH services are:

- World Vision;
- The Flemish Red Cross;
- The Spanish Red Cross;
- The Burundian Red Cross; and
- Organisation d'Appui à l'Autopromotion (OAP)

Some development partners, such as multilateral organizations (the World Bank, AfDB and UNICEF) continue to work directly with the Government. As previously highlighted, government institutions are generally implementing donor-funded (and designed) projects.

5.3 Coordination of donor support

Until 2014 (or before the interruption of bilateral aid), Joint Sector Reviews (JSRs) provided opportunities for information sharing among donors and with government institutions. In principle, JSR should provide a basis for coordinating activities in the sector. UNICEF has been charged by the MHEM with leading the organization of a JSR in 2020.

6 Consumer financing of WASH services

This section presents the current framework and practice for WASH services users' contributions to financing services. Starting with tariffs, the section presents existing policies in relevant sub-sectors, as well as gaps, together with analysis of current implementation. The section then moves on to present specific areas in which WASH users are currently self-funding access to services. Finally, a rapid assessment is provided of whether existing financial services for households could provide opportunities to support household investments in water and sanitation services.

6.1 Tariffs

6.1.1 Policy and expenditure on urban water services

In Burundi, as in many countries, tariffs are regulated (or publicly scrutinized) for urban water services only. The last revision was issued by Ministerial Decree in 2017, revising tariffs upwards. However, there is little evidence that the tariff structure and its periodic revisions are linked to the actual costs of service provision. This approach contrasts with the Government's ambition of tariffs that fully recover costs in urban areas as per the water policy.

As of April 2019, Regideso's tariffs for water services followed an increasing block structure for domestic users, including a social block (Table 3). Specific tariffs are in place for commercial users as well as for public stand posts. These stand posts, used by most urban residents, are generally managed by individuals who sell the water by 20 litre jerrycans, with a profit margin.

Secondary data on the actual costs incurred by urban users of stand posts are not available. There are no data on the actual tariffs paid by these users who buy water by jerry cans, therefore paying Regideso's tariffs with the added profit margin. As a result, this study could not establish how much is effectively spent by urban residents (especially from the poorer areas). Further investigation and field work in selected urban areas would be needed to identify these costs.

Table 3: Regideso tariff structure

Category	Block	Tariff (BIF/m3)	Fixed Charges	Billing timeframe
Domestic	0-20m3	315	n/a	2 months
Domestic	21-40m3	613	n/a	2 months
Domestic	41m3 +	802	7274	2 months
Commercial and industrial	n/a	609	26,581	2 months
Public stand posts	n/a	224	n/a	1 month
Public administrations	n/a	613	n/a	2 months
Collective clients	n/a	613	n/a	2 months

Regideso provided the information that in 2017 it collected US$8.8 million from water tariffs, including US$5.64 million from domestic users. Given that most urban residents use public stand posts, the tariffs on which are marked up by water vendors, household expenditure on urban water is likely to be much higher than US$5.64 million per year. This means that, on average, urban households have disbursed at least US$20 each for water supply services in 2017.[4]

It is not clear whether Regideso is able to cover all operations and maintenance costs from tariff revenues alone. According to Regideso's annual reports, the utility is able to recover all costs (Regideso, 2017). However, as there is limited monitoring of Regideso's performance (in terms of key indicators such as non-revenue water and service levels), it is difficult to estimate whether current expenditure levels are adequate to cover the costs of adequate maintenance.

Finally, there is no data on household expenditure on self-supply.

6.1.2 Policy and expenditure on rural water services

There is no policy for rural water tariffs. Some guidelines are provided in the 1990 note on rural water services. Among the guidelines, the note indicates that users of stand posts or other communal water points should agree on and pay a periodic redevance (charge) to cover operations and maintenance costs. There are currently three broad practices with regard to application of tariffs:

- Where water committees manage protected springs and gravity-fed systems, annual charges only are collected ;
- Where water committees manage systems requiring electric pumping, the tariff is usually volumetric; and
- Where households have access to individual connections, volumetric charges apply.

**Charges, which are usually set by the municipal council (conseil communal), vary between BIF 300 (US$0.16) and BIF 1,000 (US$0.54) per year,** These charges depend on communities and the type of water system, as presented above. As some communities only pay BIF 300 (US$ 0.16) a year, water services are almost free of charge.

Data on revenues from water tariffs, which would indicate households' expenditure on rural water services, is very scarce. Lack of financial data at commune level relates to ill-defined reporting lines. As municipal organizations, Régies communales are tasked to report to the Ministry of Interior. At the same time, oversight over the performance of rural water service providers has been given to AHAMR. However, performance data (including tariff collection rates and revenues) are not systematically passed on to AHAMR.

Oversight over the utilization of collected tariff and charges (redevance) is also limited. Anecdotal evidence suggests that the vast majority of Régies communales do not regularly invest in maintenance (also due to lack of capacity), leading to service interruption or water systems falling into disrepair and disuse within months of being established. For many communities, paying charges does not necessarily lead to adequate services.

6.1.3 Policy and expenditure on urban sanitation services

There is currently no specific policy nor economic regulation of urban on-site sanitation services, which are considered private goods.

There is no consolidated information on the type of sanitation services being used in urban areas. Anecdotal evidence suggests that most of the urban poor live in rented accommodation that surround landlords' housing. In these compounds, sanitation facilities are shared between multiple households and are in poor conditions (this is also confirmed by JMP figures, which suggest that only 10 per cent of urban residents use improved facilities). Without enforcement of regulations, landlords would be unwilling to invest in additional and improved toilet facilities. Households themselves would be unwilling to invest in rented accommodation, and anecdotal evidence suggests that they would be unable to meet the costs involved. With regard to emptying services, these are usually taken care of by landlords themselves, and the charges included in rents.

There is no existing consolidated data on current market rates for acquiring sanitation facilities and using sanitation services. Further investigation is required to assess whether existing services are affordable for urban households and which policies could be introduced to channel existing financial flows towards improved services.

[4]Based on 1.4 million urban residents (13 per cent of total population) and 5 people per household.

6.1.4 Policy and expenditure on rural sanitation services

Like for urban sanitation, there is no specific tariff policy for rural sanitation services and, according to government policy, households should bear the full cost of latrine construction, in line with the CLTS approach.

Data is too scarce to enable a picture to be drawn of household-level financing of sanitation services in rural areas. In the absence of a proper baseline of rural sanitation services, including the types of facilities being used by households, or a dedicated survey of households' living standards (which would include expenditure on sanitation), it is not possible to identify current levels of expenditure, or even just a range per household.

Some initiatives exist that can provide an indicative figure of the costs of improved sanitation in rural areas. For example, the Flemish Red Cross is implementing a GIZ programme which offers households the opportunity to purchase ecosan-type latrines. The total cost of these latrines is BIF150,000 (US$81), excluding labour cost. The programme also offers a subsidy of BIF30,000 (US$16) to BIF40,000 (US$21) towards the cost of these latrines in order to ease the financial burden on households.

6.2 Consumer self-funding

There is no consolidated data on WASH service consumers' investments in their own facilities, whether sanitation or water services.

6.3 Consumer access to finance

Burundi has a very low rate of financial inclusion. The latest World Bank survey on financial inclusion in Burundi dates back to 2014 and indicates that only 7.1 per cent of the adult population had an account at a formal financial institution or with a mobile money service provider. In 2016, Burundi had 10 commercial banks and 27 microfinance agencies.

The limited development of financial markets suggests that tapping into the potential of financial services to support household (or even service provider) investment in WASH may not be realistic in the short- to medium-term. There is no evidence of any WASH programme that has embedded microfinance (or access to finance) as a component. In any case, further research is needed to ascertain whether access to finance is indeed a major constraint for households.

7 The Overall Financing Picture

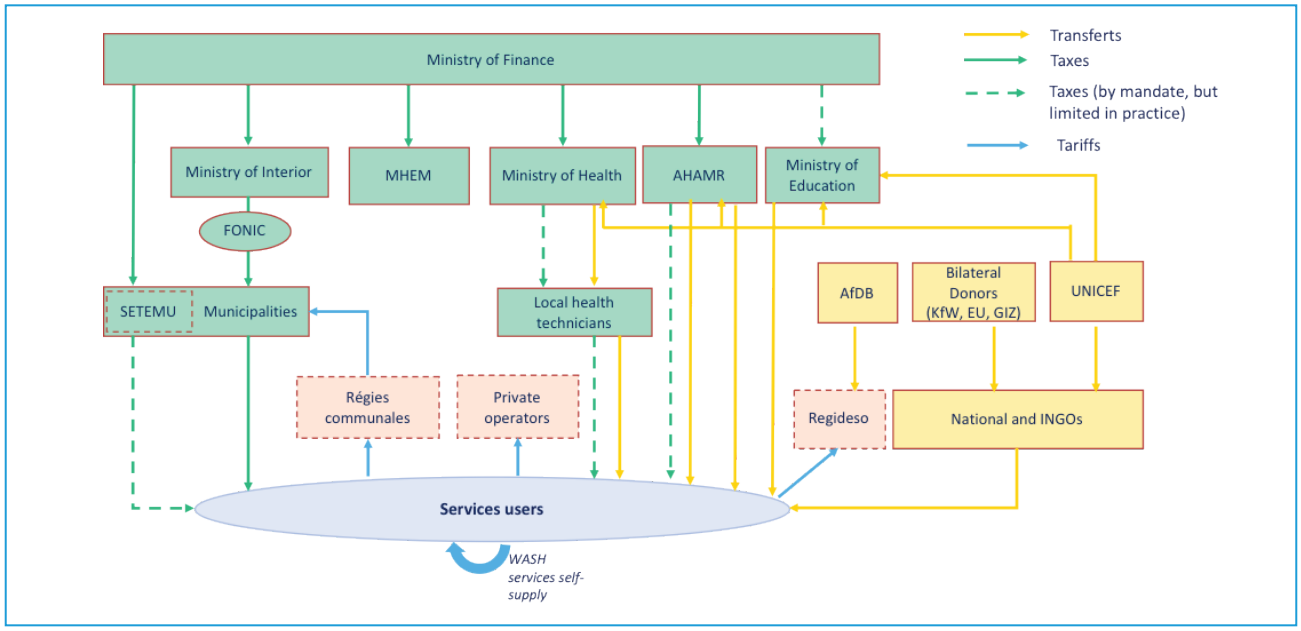
This section presents the overall financing picture for WASH in Burundi, starting with a map of financial flows in the sector and then presenting estimates of financial allocations to WASH overall, by financing sources and sub-sectors.

7.1 Finance flow map

Figure 8 below presents a map of financing flows in the WASH sector, based on the context in April 2019 and using the OECD classification of financing sources: taxes, tariffs and transfers (the 3Ts).

With regards to taxes, the financial flow map shows that municipalities, via the FONIC, are the main sources of domestic public funds for WASH. Other potential sources of domestic funds for WASH include the Ministry of Health (and local health technicians), SETEMU (within municipalities) and AHAMR. However, this study has found limited evidence to suggest that these channels are effectively being used in 2019. Rather, as previously highlighted in this report, several government institutions, including AHAMR and the Ministry of Health, use external funds (transfers) to carry out activities. There is limited evidence that any WASH funding or is channelled via the Ministry of Agriculture (which is therefore absent from the map below).

Figure 8: Financial flows in the WASH sector in Burundi



Transfers are currently channelled in various routes, depending on the type of development partner. As presented in Figure 6, multilateral organizations, such as AfDB and UNICEF, channel funds via public institutions (Regideso, AHAMR, Ministry of Health and the Ministry of Education). However, bilateral organizations involved in WASH (which are all from the EU) have ceased to channels funds directly via government institutions due to the ongoing diplomatic stand-off. This means that national and international NGOs play a vital role in channelling funds and delivering services.

Finally, the map highlights four main uses of tariffs by service users. Tariffs are used to cover the services of Regideso (the urban water service provider), Régies communales (rural water service providers), other private operators (for example, emptying services in urban areas) and for self-supply (for example, the construction of individual water systems such as rainwater harvesting systems or sanitation facilities).

7.2 Financial allocation

7.2.1 Overall allocation

The overall financial allocation has been estimated based on 2017 expenditure by all financing units involved in WASH: this is presented in Table 4.

In total, in 2017, at least US$19.8 million was allocated to WASH services by all existing financing units. This estimate excludes staff compensation (remuneration) and overheads. The figure was carefully calculated to avoid duplications: for example, where UNICEF is funding AHAMR, AHAMR expenditure is already counted in UNICEF's expenditure. Some NGOs active in the sector have also been excluded from the table as they implement activities with funds from donors already taken into account. Data has been gathered for all financing units, except three development partners: AfDB, the Spanish Red Cross and the Flemish Red Cross, which have not communicated their WASH expenditures for 2017. Most likely, AfDB data would have an effect on the overall financing picture as they funded an urban sanitation project in 2017. Data from the Spanish and Flemish Red Crosses are unlikely to affect the overall picture as they themselves receive funds from other financing units (e.g. the EU).

The level of confidence in the financial data, presented in Table 4, varies depending on the data source. There is high confidence in data communicated by financing units themselves: that is, by all donors and the FONIC fund managers. It was deemed wiser to slightly under-rate the confidence of the data communicated by FONIC as no information is available about the process in place for FONIC managers to verify municipalities' reporting on the use of funds.

Table 4: Financial allocation to WASH in 2017

Financing units	Expenditure in 2017 (US$)	Data source	Data confidence
MHEM	0.0	National budget	
AHMR	0.0	National budget	
Ministry of Health	10,250	National budget	
Municipalities	2,446,710	FONIC	
SETEMU (Bujumbura municipality)	0.0	Estimate	
UNICEF	3,478,853	UNICEF	
KfW	0.0	KfW	
GIZ	3,510,886	GIZ	
UE	616,171	UE	
AfDB	tbd	AfDB	No data
World Vision	3,527,301	World Vision	
Spanish Red Cross	tbd	Spanish Red Cross	No data
Flemish Red Cross	171,408	Flemish Red Cross	
Service users	6,048,60	Regideso	
Total expenditure in 2017	**19,810,180**		

Data confidence rating	
High confidence	
Good confidence, some checks required	
Some confidence, but data is incomplete and needs to be checked	
No confidence	

As no national institutions were able to communicate WASH expenditure data for 2017, confidence in the data provided is very low. The main source of information used is the Budget Law for 2017 (Loi des Finances), which compiles the budget allocated to all government institutions. The following key data were extracted from the Budget Law:

- Other than for salaries and staff compensation, the budget for 2017 did not provide for any investment in water supply services;
- The only budget lines that were identified as relevant for WASH concerned the Ministry of Health and its DPSHA, with planned activities amounting to US$10,250 just for hygiene and sanitation awareness activities;

This assessment would need to be confirmed with relevant authorities to ensure greater confidence.

There is some confidence on expenditure data from service users, but the data presented here are incomplete as the figures are solely based on Regideso's data. This means not only that expenditure on sanitation and rural water supplies is not captured, but also that urban water expenditure is only partially captured. Indeed, the vast majority of urban residents use communal stand posts and pay higher tariffs than those imposed by Regideso, as there is a mark-up by stand posts managers. Urban water service users are therefore most likely to pay more than what is communicated by Regideso.

Specific recommendations on how to improve the quality of financial data are provided in Section 9 below.

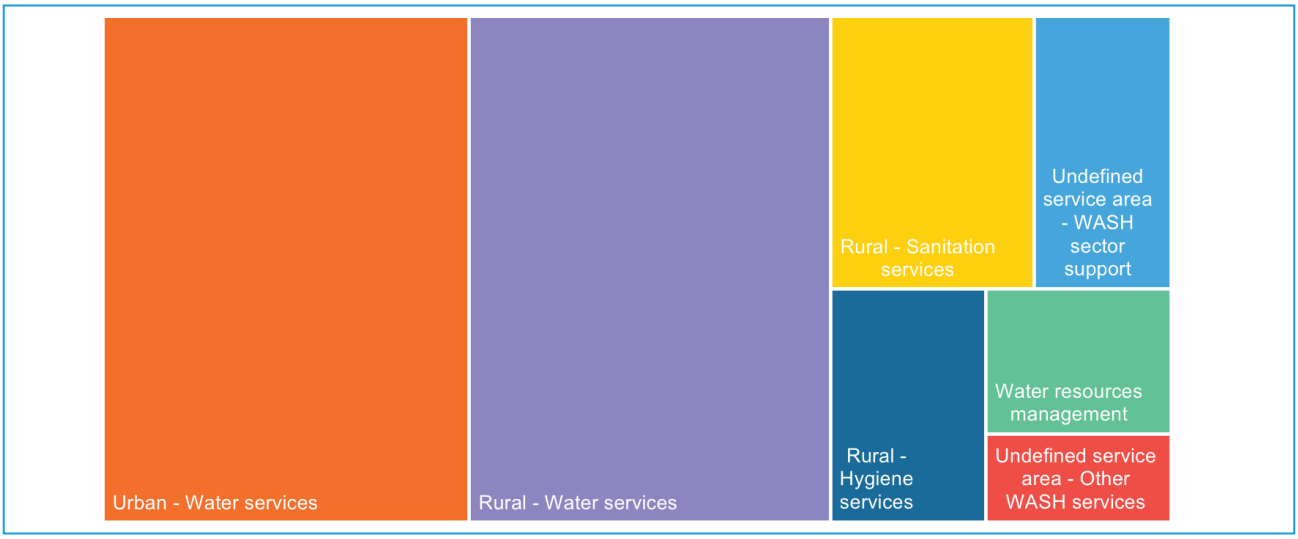
7.2.2 Allocations by sub-sector

Despite data gaps, a picture is emerging of current allocations by WASH sub-sectors.

As presented in Figure 9 below water services, both rural and urban, receive by far the largest share of financial allocations to WASH. A major difference, however, is that urban water services are solely financed via user tariffs (as of 2017). Indeed, no expenditure was identified either from domestic public funds or from external funds that was allocated to urban water services (Table 5). This reflects tight budgetary constraints, which are limiting the Government's ability to extend the investment budget to Regideso, as well as the halt of bilateral cooperation, most notably with the German Cooperation, which has been historically a major funder of the urban water sub-sector via KfW. In 2017, KfW did not disburse any funds for urban water investment.

Sanitation is critically under-financed, particularly in urban areas. Clearly, the vast majority of households are bearing the bulk of sanitation service costs (across the sanitation value chain). Some households (likely the most well off) do benefit from sewage services. However, this study was unable to identify whether these households pay any fees or whether SETEMU has made any investment h in Bujumbura. However, such investments or fees collected by sewer users are likely to be dwarfed by the cost for households of using onsite sanitation services. Further investigation is needed to ascertain the situation of urban sanitation financing.

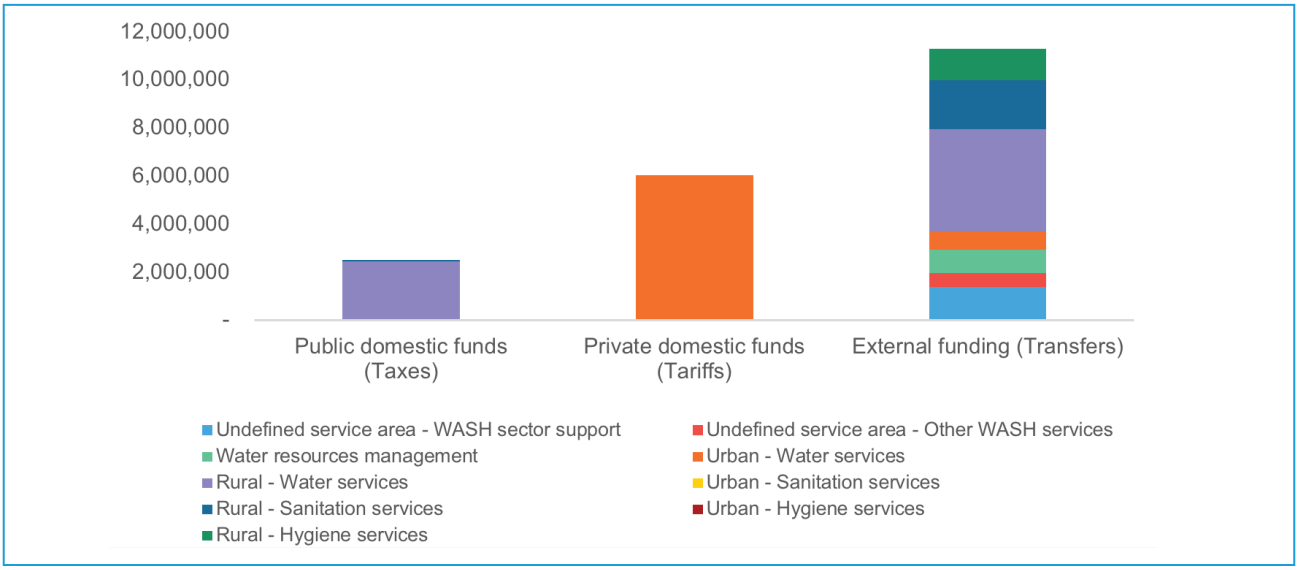
Figure 9: Financial allocation to WASH by sub-sector



Based on the 2017 data, rural sanitation only receives 10 per cent of WASH sector expenditure. It is important to note that most of this funding has come from external funds – with only 0.5 per cent of funding for rural sanitation from government sources.

In total, however, domestic funds – both private and public – make up close to half of all funding allocated to WASH in 2017. Private and public domestic funds made up 31 per cent and 12 per cent respectively of total WASH funding in 2017. While most domestic public funds were allocated to rural water services, private domestic funds were used predominantly for urban water. External funding predominantly targeted rural water services (Figure 10).

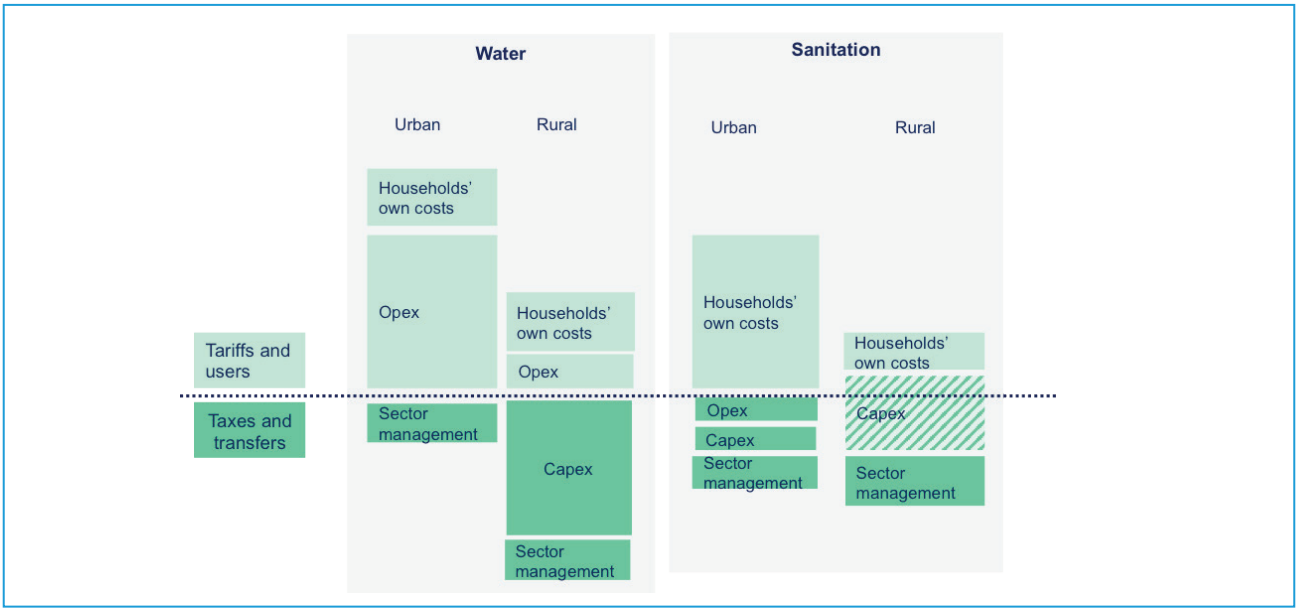
Figure 10: Allocations to WASH by financing source and sub-sector (2017, US$)



The detailed allocations by sub-sector of all financing units identified in this report are presented in Annex B.

Based on the current financial allocation by sub-sector and type of costs (see Annex B), a snapshot of the state of WASH financing in Burundi can be established, as presented in Figure 11 below. This snapshot has been prepared based on the approach designed by the World Bank (World Bank, 2017).

Figure 11: Snapshot of cost sharing by sub-sector and source of funds



Note: "Households' own costs" refer to self-supply (including the construction of household sanitation facilities); "sector management" refer to costs related to monitoring and policy setting.

This snapshot highlights that:

- Urban water supplies are nearly exclusively funded via tariffs;
- Financing for rural water supplies is mainly channelled to cover capital investment costs;
- Urban sanitation is mainly covered via households' own investments and is neglected by public funders; there are operating costs associated with the existing (small) sewage system, but these are assumed to be taken in hand by SETEMU (and therefore taxes) in the absence of further data on household finance for sanitation; and
- Rural sanitation is mostly funded via taxes and transfers.

Recommendations on how to improve the overall financing pictures are provided in the following section.

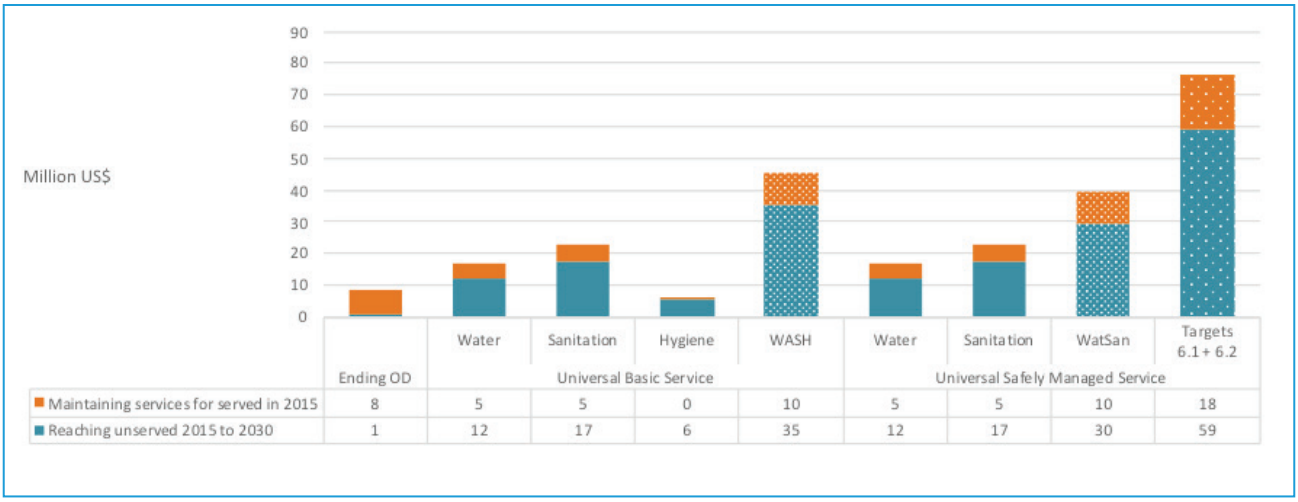
8 Financing Options

Using 2017 as a reference to estimate financial flows in the WASH sector, and the SDG costing tool developed by UNICEF-SWA, the financial shortfall facing Burundi to reach SDG targets can be estimated. As some data gathered in this report need to be confirmed (and completed) and the SDG costing tool itself uses unit costs that need to confirmed, this section only provides indicative figures for the WASH sector financing needs in Burundi. The results should be used with caution and for advocacy purposes only (rather than planning). Based on key sector financing gaps, the section then highlights some priority areas to improve the financing framework for WASH services.

8.1 Projected financial shortfall to meet relevant SDGs

Based on the SDG costing tool, Burundi require US$45 million a year to put in place and maintain universal basic coverage for water and sanitation, and US$77 million a year to extend access to safely managed services (Figure 12). This means that if the Government's intends to achieve universal basic WASH services, the equivalent of US$45 million should be made available every year to cover all costs (capital and operational costs) so as to ensure a continuous service levels for those already accessing services. It is important to note that these costs are annualized rather than expected to be effectively disbursed every year.

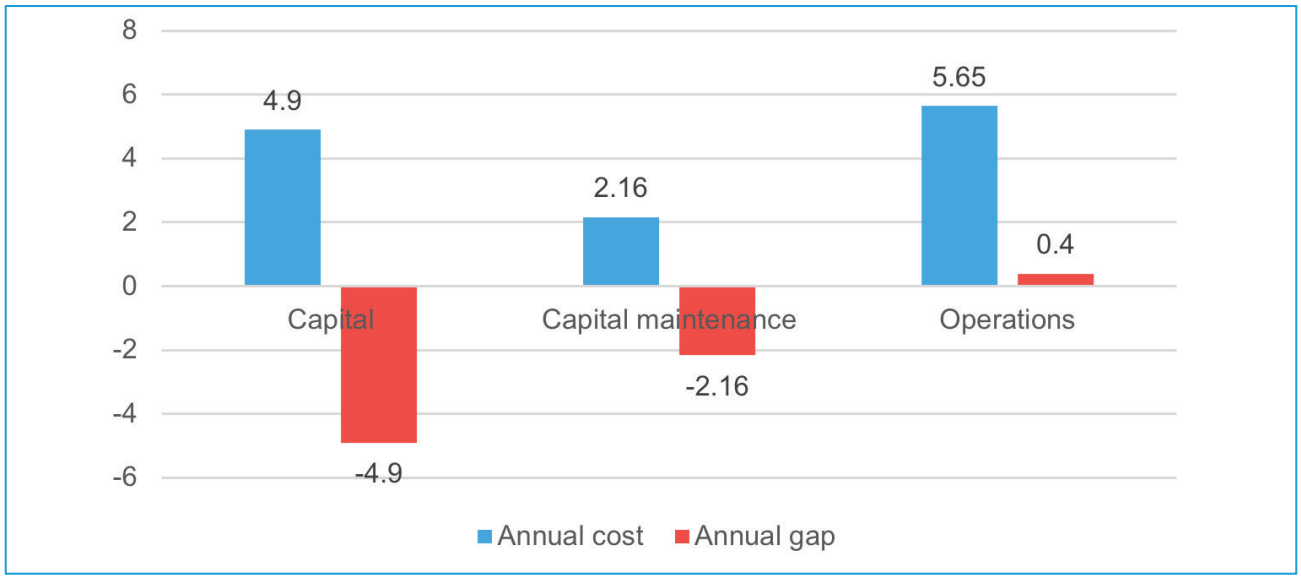
Figure 12: UNICEF-SWA estimates of annual financing needs to reach basic and safely managed WASH services targets



As a result, taking 2017 as a reference point of current expenditure levels in WASH, the annual financial shortfall for reaching basic service levels by 2030 is US$26 million. That is, if Burundi is to reach at least basic services by 2030, the sector should receive US$25 million more than current expenditure each year – representing 127 per cent of current outlays.

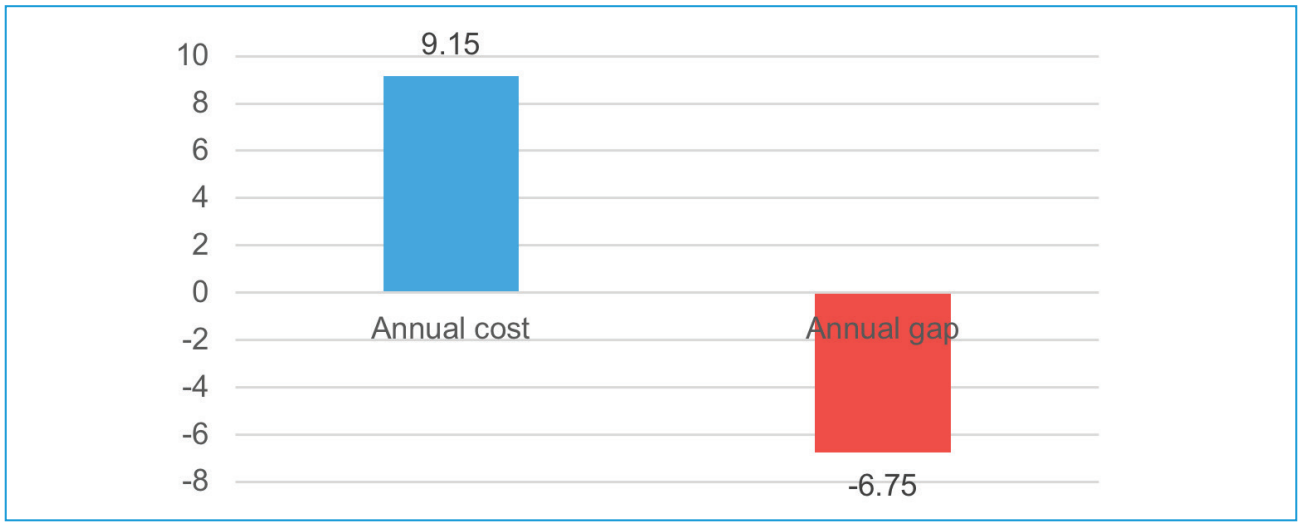
The financial shortfall is not equivalent across all sub-sectors. For example, according to the UNICEF-SWA costing tool, in order to achieve universal access to safely managed urban water services, Burundi requires US$4.9 million in capital investment, US$2.16 million to cover capital maintenance costs and US$580,000 for operations every year. As current expenditure levels only cover operating costs, the needs of the urban sub-sector only concern capital investment and, to some extent, capital maintenance. Current tariff levels for urban water are more than sufficient to cover operations costs and could contribute partly to capital maintenance costs, but are not sufficient for financing additional capital spending. The annual shortfall for covering capital investment in urban areas is at least US$4.9 million (Figure 13).

Figure 13: Annualized financing gap to reach universal safely managed urban water services by 2030 (in US$ millions)



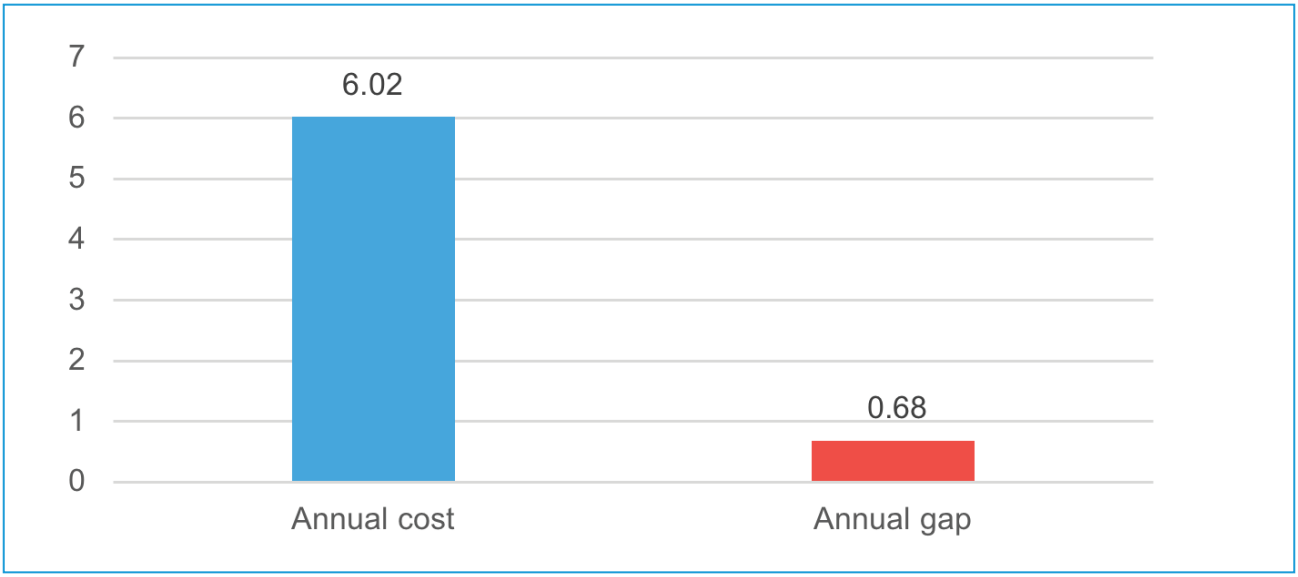
The annual shortfall for rural sanitation is even more significant. Given the current investment levels (mainly from donors) amounting to US$2.4 million and the high rates of unimproved facilities that suggest that households' investments are not significant (although this needs to be confirmed), the annual financing gap is equivalent to US$6.75 million for capital investment only.

Figure 14: Annualized financing gap to reaching universal access to basic rural sanitation by 2030 (capital costs only)



However, given the nature of expenditure on rural water services in 2017, there does not seem to be a financial gap for capital investment in rural water (Figure 15). In fact, the data indicate that current investment levels are sufficient to achieve universal access to basic water services in rural areas. The challenge, however, appears to be to provide the much-needed investment in capital maintenance and to raise sufficient funds from tariffs to ensure that the infrastructure is adequately maintained. There is insufficient data, however, to estimate whether current expenditure on operations and maintenance meets the annual requirement of US$6 million. Anecdotal evidence suggests that tariffs collected are generally derisory in rural areas. In this situation, capital outlays are being used to provide new infrastructure to populations that were already served but whose water systems fell in disrepair due to lack of maintenance, rather than to reach those who have never been served.

Figure 15: Annualized financial gap to reach basic water services by 2030 (capital costs only)



Due to lack of data, no analysis could be carried out for urban water services or for hygiene services.

8.2 Options to close the financial gap

Given the financing needs of the WASH sector, a first step in laying out options to close the financial gap is to consider which are the critical costs that need to be covered.

The findings from the financial gap analysis suggest that all costs across all four sub-sectors (i.e. rural and urban water and sanitation) still need to be covered, apart from capital costs for rural water and operational costs for urban water. This is not to say that funding for these costs should decrease, but given current trends in sector financing, specific attention should be paid to specific cost areas of WASH services. In particular:

- With regard to urban water supplies, investment in capital maintenance and network extensions (capital costs) should increase;
- Rural water services suffer a deficit of funding for operational and capital maintenance costs;
- Though hard data needs to be gathered, financing is required across all types of costs to improve urban sanitation services;
- Similarly, financing is needed to cover all costs of rural sanitation services, starting with capital costs (e.g. promotion of sanitation and investment in improved facilities).

Having established these priorities (or neglected areas), the question is what options are available in the context of Burundi.

With regards to financing sources, strategies need to be in place to leverage investments from all the 3Ts (taxes, tariffs and transfers). Starting with domestic public and private funds, it is important to note that the total annual requirement for meeting SDG 6 by 2030 (i.e. universal safely managed services) is US$77 million, or an estimated 2.42 per cent of Burundi's GDP in 2017 (current US$) and thus that WASH services are not unaffordable using domestic resources alone. However, considering the country's competing priorities, support from donors will be essential for Burundians to access and improve their WASH services. In practice, to date WASH has not been a priority among major donors, including the World Bank and other multilateral institutions such as the EU.

Critical priority interventions to leverage more financing from the 3Ts cut across all WASH sub-sectors:

- WASH sector practitioners need to advocate for increased WASH funding, from both the Government and other development partners. Advocacy efforts should be supported by solid data highlighting the needs

of the sector and the effect of poor WASH on other key development areas (such as health, education and resilience);

- Line ministries should be equipped with adequate tools to **make the case for government investment** in WASH, such as **costed strategies based on planning** using accurate baselines, service level targets and coverage standards;
- **A serious reflection on existing service delivery models** and their contribution to the sustainability of investments should also be carried out in order make the WASH sector more attractive for (public) investors keen on long-lasting returns on investment (in terms of social and health benefits); and
- There is a need to develop a Medium-Term Expenditure Framework for the WASH sector in order to determine total need. This could be an advocacy tool to the Government to increase the budget for the WASH sector.

Further action points specifically related to the above cost areas are provided in Table 5 below.

Table 5: Proposed priority interventions to cover WASH service costs

Neglected cost areas	Priority interventions to increase financing and cover costs
Urban water capital and maintenance costs	• Improving the monitoring of urban water service levels, to ensure that tariffs are used effectively for maintenance • Utility performance management and improvement to make urban water more attractive for investors (including from the public sector: i.e. the Government and donors)
Rural water capital maintenance and operational costs	• Improving the tracking of current financing leveraged tariffs • Monitoring current tariff levels • Monitoring the use of funds from tariffs by Régies communales and municipalities to ensure that revenues from tariffs are effectively put back into water service financing • Introduce regulations to homogenize the tariff setting procedure
Urban sanitation all costs **Rural sanitation all costs**	• Develop a baseline of sanitation facilities currently used and types of services • Monitor expenditure via household surveys to identify the financing burden for households and affordability constraints • Assess the capacity of service providers (SETEMU and private providers) to provide services and operate facilities.

9 Recommendations

This section summarizes the key takeaways from the analysis presented in this report and formulates recommendations for UNICEF.

9.1 Key takeaways

Context and WASH services. A country marred with fragility, Burundi is suffering an economic crisis that penalizes vulnerable populations, especially children and the poorest in rural areas. WASH services, like other basic services, are not delivered to more than 50 per cent of the population. Rural areas, where access to improved water services barely exceeds 50 per cent, suffer the most. However, urban residents are increasingly affected: not only is the urban population growing fast, rapidly creating unserved pockets , but also service levels are declining, with entire areas facing days of service disruption. Combined with abysmal levels of poor sanitation (in both rural and urban areas), this leads to recurrent and deadly cholera outbreaks in major cities, such as Bujumbura and Rumonge.

Institutions. Several national institutions have mandates for WASH services, creating overlapping mandates and lack of clarity among the lead institutions for coordination. Sanitation services are particularly affected, with many national institutions mandated to oversee sanitation, including the MHEM (the ministry responsible for water), the Ministry of Health, the Ministry of Environment and the Ministry of Interior.

At local level, there are gaps in institutional arrangements, but also critical issues of implementation capacity. To date, local arrangements for rural water services are defined in a note from 1990 (which established Régies communales as separate entities to manage water services). However, specific functions concerning service oversight, performance reporting, financing maintenance and repairs still need to be defined. Gaps in institutional arrangements also affect urban water services: Regideso has operated without a performance contract with the Government since 2012. With regard to urban sanitation only Bujumbura has created a municipal waste department (SETEMU), which means that in other cities, urban sanitation services are completely left unattended. Arrangements for rural sanitation measures at local level are also unclear (e.g. the roles of AHAMR and municipalities are not clear): this seems to depend on whichever donor-funded project is being implemented.

Planning for WASH. The sector critically lacks data for adequately planning WASH service development. A 10-year National Development Plan (NDP) was approved in 2018, which recognized water and sanitation as critical sectors for the country's development. However, sector ministries still need to prepare sector plans to fulfil the NDP's ambitions, starting with setting national aspirations for service levels across the four sub-sectors; setting coverage standards (e.g. 1 water point for 150 people); identifying current baselines for types of services and service levels; and identifying suitable management models to ensure that the infrastructure in place delivers overtime. Without such planning, the WASH sector will be unable to make the case for further investment and will not be able to hold all WASH stakeholders to account for delivering on these plans.

Financing from the Government, donors and households. With the onset of the economic crisis in 2014, domestic public funding for WASH services severely declined, as highlighted in UNICEF's budget briefs. As a result of this, the capacity of national and local institutions to deliver on their mandate is severely constrained. For example, in 2018, the actual budget allocated to DPSHA (the department within the Health Ministry in charge of sanitation services) was BIF 6.6 million (US$3,573), a budget derisory compared to sector needs. In recent years, however, an important source of domestic public funds for WASH has emerged with the municipal investment fund (FONIC), which disbursed US$32 million in 2017 to all municipalities, of which an estimated 7 per cent was allocated to water infrastructure.

With regard to donor funding, WASH is not a priority for most large funders (such as the World Bank, the EU and the AfDB). The OECD DAC database shows that WASH ODA disbursement per capita was no more than US$0.9 (compared with US$2.33 in Mozambique, for example), despite Burundi having one of the lowest GDPs in the world. Donors have mainly funded water services. Activities in rural sanitation are emerging, while urban sanitation is only starting to garner donors' attention.

Data on households' expenditures on WASH services is critically missing. The closest estimate of households' expenditure level is the data shared by Regideso (the water company) on its revenues for domestic customers, which amounted to US$5.6 million in 2017.

Overall financing picture. Based on expenditure data for 2017, it is estimated that at least US$19.6 million is allocated to WASH in Burundi every year from taxes, tariffs and transfers. This figure needs to be considered with care, however, as it is only partial and would need to be confirmed with further investigation.

Most funds have come from external funders, but households and municipalities (via the FONIC) are significant contributors to WASH. Most domestic public funds have been used to finance capital investment in rural water. Most domestic private funds have been used to finance operational costs in urban areas. The largest proportion of donor funding was found to be allocated to rural water services, followed by rural sanitation.

Financial gap and options for addressing it. According to the UNICEF-SWA costing tool, Burundi requires US$45 million a year to build and maintain universal basic coverage for water and sanitation, and US$77 million annually to extend access to safely managed services. Taking 2017 as a reference point for current expenditure levels, it can therefore be estimated that Burundi faces an annual financial shortfall of US$26 million to reach universal access to basic service levels by 2030. In other words, Burundi need to unlock 127 per cent more financing than it is currently able to.

Financing needs are not equal across all sub-sectors. With regard to urban water supplies, there is a great need for additional investment in capital maintenance and network extensions (capital costs). Rural water services suffer from a deficit of funding for operational and capital maintenance costs. In fact, data collected suggest that annual investment in rural water services is more than sufficient to achieve universal basic services by 2030. The challenge of rural water services is to leverage sufficient funding to ensure adequate operations and maintenance and sustain service provision for those who are served. Although hard data needs to be gathered, financing is needed across all types of costs to improve urban sanitation services. Similarly, financing is required to cover all costs of rural sanitation services, starting with capital costs (e.g. sanitation promotion and investment in improved facilities).

With regard to financing needs, options to close the financing gap should consider all strategies to increase financing from the 3Ts, starting with domestic public funding. The annual requirement for meeting the SDG (US$77 million) is equivalent to just 2.42 per cent of Burundi's GDP in 2017 (current US$), which suggests that WASH services are not unaffordable using domestic resources alone. However, the country has competing priorities and donor support should play an important role in filling the financing gap.

Critical priority interventions to leverage more financing from the 3Ts cut across all WASH sub-sectors. First, WASH sector practitioners need to advocate for increased WASH funding, from both the Government and other development partners. Advocacy efforts should be supported by solid data highlighting the needs of the sector and the effect of poor WASH on other key development areas (such as health, education and resilience). Second, line ministries should be equipped with adequate tools to make the case for government investment in WASH, such as costed strategies based on planning using accurate baselines, service level targets and coverage standards. Finally, there should be a serious reflection on existing service delivery models (including types of service providers, tariff setting mechanisms and performance oversight) in order to make the WASH sector more attractive for (public) investors keen on long-lasting returns on investments, in terms of social and health benefits.

9.2 Recommendations

UNICEF has a major role to play in improving the financing environment for WASH services. As a United Nations organization, UNICEF is uniquely placed to lead sector dialogues and link different stakeholders, especially in the time of crisis that the country is facing.

First UNICEF should support the Government to initiate a credible planning strategy towards SDGs 6.1 and 6.2. UNICEF should support the Government to reflect on specific sector objectives to determine national ambitions in terms of access levels. The SDGs provide aspirational targets which may not be achievable for all countries. Each country should therefore set its own national targets, an important step towards increasing accountability for WASH services. Target setting should be based on a baseline exercise, followed by a costing exercise that will identify the financing needs to reach those national objectives. UNICEF can support the Government of Burundi across all these steps.

UNICEF should lead efforts to advocate for increased public funding for WASH, from both domestic and external funds. Together with other donors, UNICEF can initiate studies that highlight the correlation between access to WASH, poverty, health, nutrition and specific areas of development such as education. The World Bank WASH Poverty Diagnostics provides a good example and a methodology that can be applied in Burundi.[5] Such initiatives can contribute to making WASH a higher priority for large donors such as the World Bank and the EU.

In addition, especially once costed strategies are in place, UNICEF can facilitate exchanges between WASH line ministries and the Finance Ministry. These exchanges are critical to better understand from the Finance Ministry how to make the water sector more attractive and better equip line ministries with tools and arguments to make a more convincing case.

UNICEF can also play a critical role in ensuring that tariffs – or consumer contributions to financing services – are used effectively. In rural areas where UNICEF has been mostly active to date, there is a great need to clarify all institutional and financing arrangements with regard to water services delivered by municipalities:

- Are there any written agreements between Régies communales and municipalities?
- Are tariffs set taking into account the costs of water services?
- Where tariffs do not cover the costs of water services, are there arrangements in place to ensure that the municipality can cover these costs, at least in part?
- Are the tariffs collected ring-fenced for water services?
- Is any of the money collected from tariffs effectively used to cover operations and maintenance costs?
- Do Régies communales abide by any reporting requirements? If so, what are the performance indicators being used?
- Are there clear arrangements with regard to which institutions are in charge of performance monitoring of Regies communales?

Better understanding existing arrangements would assist with development of a strategy to improve the context of rural water services financing. In turn, such strategies would ensure that tariffs are used effectively to sustain services and that social and health benefits from public investments are maximized. UNICEF can also play a similar role in other sub-sectors.

This report has highlighted significant data gaps concerning types of services and consumer finance across all sub-sectors. UNICEF can commission studies and surveys which would shed light on:

- How much are poor urban residents using stand posts effectively paying? Are there alternative sources of drinking water? How does expenditure on water compare with their incomes?
- How much are rural households paying for water? How does this expenditure compare with their income?
- Which sanitation services are currently being used? How much do households spend on sanitation services? How does this compare with their incomes? What are the typical costs of acquiring improved toilet facilities in urban and rural areas?

UNICEF can consult with the National Statistics Office (ISTEEBU) on the best approach to identifying consumer financing data.

Finally, to ensure that all actors contribute to this financial mapping exercise UNICEF should continue the dialogue on the importance of data sharing on WASH sector expenditure. This exercise was unable to gather financial data directly from key national institutions, including the Ministry of Finance, the ministry for water and the main rural water agency. Other critical sector financiers – municipalities themselves and Bujumbura's SETEMU

[5] http://www.worldbank.org/en/topic/water/publication/wash-poverty-diagnostic

– were not approached due to time and resource constraints. A possible way forward, if UNICEF Burundi is to repeat such an exercise in the future, is to ensure the Ministry of Water (MHME) and the Finance Ministry are in the driving seats, with adequate time and resources allocated to ensure that a complete picture of WASH sector finance in Burundi can be drawn.

10 Bibliography

Crisis. (2018). *Helping the Burundian People Cope with the Economic Crisis*. Crisis.

Gouvernement du Burundi. (2009). *Politique Nationale de l'Eau*.

Gouvernement du Burundi. (2010). *Stratégie Nationale de l'Eau 2011-2020*.

Gouvernement du Burundi. (2013). *Politique Nationale d'Assainissement du Burundi et Stratégie Opérationnelle Horizon 2025*.

ISTEEBU. (2017). *Burundi. Enquête Démographique et de Santé 2016-2017 Rapport de synthèse*. ISTEEBU.

Regideso. (2017). *Rapport Annuel*.

UNICEF. (2017). *WASH Budget Brief 2017*.

WHO and UN Water. (2017). *UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) 2017 report Financing universal water, sanitation and hygiene under the Sustainable Development Goals*.

World Bank. (2017). *Easing the Transition to Commercial Finance for Sustainable Water and Sanitation*.

World Bank. (2018). *Adressing Fragility and Demographic Challenges to Reduce Poverty and Boost Sustainable Growth*. World Bank.

Annex A List of Stakeholders Interviewed

#	Date	Name	Function	Institution		Email
A.	**Ministries**					
1.	26/03/2019	Jeanne Nizigiyimana	Directrice Générale	Direction Générale de l'Eau Potable et de l'Assainissement de Base (DGEPA)	Ministère de l'Hydraulique, de l'Energie et des Mines	nizigane2009@yahoo.com
2.		Appolinaire Sindihebura	Directeur Général	Direction Générale de l'Agence Burundaise de l'Hydraulique et de l'Assainissement en Milieu Rural (AHAMR)		sindappo@yahoo.fr
3.	27/03/2019	Fabrice Nkurunziza	Directeur de l'Eau	Régie de Production et de distribution de l'Eau et de l'Electricité (REGIDESO)		nkurunzizafabrice81@yahoo.fr
4.	28/03/2019	Nolasque Ndikumana	Conseiller chargé de la Prévision et Préparation Budgétaire	Direction du Budget	Ministère des Finances, du Budget et de la Coopération au Développement Economique	nolasquei@yahoo.fr
5.		Jésus Marie Ndayizeye	Directeur des Opérations	Fonds d'Investissement Communal (FONIC)	Ministère de l'Intérieur, de la Formation Patriotique et du Développement Local	ndayizeyejesusmarie@yahoo.fr
6.		Vénuste Nintunze	Chef du Service Etudes et Projets			nintunzevenuste@yahoo.fr
B.	**Bilateral et multilateral cooperation**					
7.	26/03/2019	Libérat Nsabimana	Responsable de la Composante 3	GIZ/PRO-SEC-EAU	Coopération Allemande	liberat.nsabimana@giz.de
8.		Ambassadeur Albert Mbonerane				
9.		Isidore Nzobambona	Responsable de l'Antenne du Burundi	Coopération Allemande	Coopération Allemande	isidore.nzobambona@kfw.de
10.	29/03/2019	RONDI Luca	Chargé de Programme Energie et Environnement	Délégation de l'Union Européenne au Burundi		luca.RONDI@eeas.europa.eu
11.		Pavard Xavier	Team Leader Développement Rural, Infrastructures et Energie			Xavier.PAVARD@eeas.europa.eu

C.	**Development banks**					
12.	28/04/2019	Ndoye Daniel	Responsable Pays	Banque Africaine de Développement (BAD)		d.ndoye@afdb.org
13.		Jean Claude Nsabimana	Consultant chargé du Développement Local			j.nsabimana@afdb.org
D.	**NGOs**					
14.	27/03/2019	Fulgence Kwizera	WASH Program Manager	World Vision International		Fulgence.Kwizera@wvi.org
15.		Fernando Marin	Délégué WASH	Croix Rouge Espagnole		fernando.marin@cruzroja.es
16.		Alizée Bersan	Déléguée WASH Burundi	Croix Rouge Belge - Flandres		Alizée.Bersan@rodekruis.be
17.		Kana Pascasie	Secrétaire Exécutive	Organisation d'appui à l'Auto Promotion (OAP)		oapburundi@yahoo.fr
18.		Fercus Nzomararumwe	Responsable des Projets			

Annex B Detailed Financial Allocation by Financing Units and Sub-Sectors

	DPSHA	FONIC	UNICEF	GIZ	EU	AfDB	World Vision	Flemish Red Cross	Users	Total by sub-sector (US$)
Undefined service area - WASH sector support			406,879	969,086	-		-			1,375,965
Undefined service area - Other WASH services			421,220	-	-		-	171,408		421,220
Water resources management			-	979,329	-		-			979,329
Urban - Water services			-	744,909	-		-		6,048,600	6,793,509
Rural - Water services		2,446,710	992,998	457,600	167,308		2,645,476			6,710,093
Urban - Sanitation services			-	-	-		-			-
Rural - Sanitation services	10,250		808,267	179,980	442,086		599,641			2,040,225
Urban - Hygiene services			-	-	-		-			-
Rural - Hygiene services			849,486	179,980	6,776.97		282,184			1,318,428
Total (US$)	**10,250**	**2,446,710**	**3,478,853**	**3,510,886**	**616,171**		**3,527,301**	**171,408**	**6,048,600**	**19,810,181**

Note: This table uses the TrackFin classification of WASH services.

Annex C Definitions of Key Terms

Term	Definition
Blended Finance	Using public funds to leverage commercial finance
Bonds	A debt instrument bought by investors. When buying a bond, an investor lends money to the borrowing entity (which can be a government, a municipality or a corporate) for a defined period of time at a variable or a fixed interest rate.
Budget	A budget is an estimation of revenue and expenses over a specified future period of time; it is compiled and re-evaluated on a periodic basis.
Capital	Financial assets and resources, such as cash.
Capital expenditure (CAPEX)	Capital expenditure measures the value of purchases of fixed assets, i.e. those assets that are used repeatedly in production processes for more than a year. The value is at full cost price. Sales of fixed assets are not deducted.
Capital maintenance expenditure (CapManEx)	Occasional large maintenance costs for the renewal, replacement and rehabilitation of a system that goes beyond routine maintenance to repair and replace equipment, in order to keep systems running. These essential expenditures are required before failure occurs to maintain service levels and need to be planned for.
Capital flows	Capital flows refer to the movement of money for the purpose of investment, trade or business production, including the flow of capital within corporations in the form of investment capital, capital spending on operations and research and development. On a larger scale, a government directs capital flows from tax receipts into programs and operations and through trade with other nations and currencies.
Capital markets	The market for long-term debt and equity shares. Capital markets channel savings from suppliers of capital such as retail investors and institutional investors, to users of capital such as businesses, government, and individual borrowers.
Capital structure	The sources of capital that a company uses to finance its operations and growth. It is the mix of the company's debt and equity.
Commercial bank loan	When a bank provides a loan at market-based lending terms. These differ from "concessional loans," i.e. loans provided by development banks at conditions that are more advantageous to the borrower than market conditions.

Commercial finance	An umbrella term for commercial bank loans, commercial bond issuances, and private equity investment of all sorts.
Commercially oriented	A company or other entity (such as a utility) is operating on principles of good governance, financial viability, and meeting demand for service in the service area at the appropriate service levels.
Commercially viable	A project or investment that will provide a private investor with the return on their investment required for the project to have a positive net present value for that investor and, as a result, increase the value of the investor.
Concessionary loan (or 'soft loan')	A loan provided on concessionary lending terms, which may include a lower interest rate than the market rate, a longer repayment period or a grace period.
Cost of capital	Cost of capital is the required return necessary to make a capital budgeting project worthwhile. Cost of capital includes the cost of debt and the cost of equity and is used to judge whether a capital project is worth the expenditure of resources, and by investors who use it to determine whether an investment is worth the risk compared to the return. Cost of capital depends on the mode of financing used — it refers to the cost of equity if the business is financed solely through equity, or to the cost of debt if it is financed solely through debt.
Cost of debt	Cost of debt refers to the effective rate a company or government pays on its current debt.
Cost of service	The total cost of providing the required service at reasonable levels of efficiency.
Creditworthiness	The current and future capacity of the utility to service debt—that is, to pay interest and repay principle on loans when due. This assessment is determined based on the utility's credit history, credit ratings (if available), assets and liabilities, and economic environment.
Debt	One of two ways in which a business (e.g. project or utility) can raise money. The essence of debt is that the borrower promises to make fixed payments in the future to the lender (interest payments and repaying principal).
Development finance institutions	A development finance institution (DFI) or development bank is a financial institution that provides risk capital for economic development projects.
Domestic public transfers	Domestic public transfers from government agencies (central or local government) to service providers (such as WASH implementation agencies). These are often subsidies from taxes or other sources of government revenue. These would include only grants and excludes concessionary loans.

Economic viability	A project is economically viable when its overall impact on society will result in society being better off. In contrast to financial viability, economic viability assesses a more comprehensive list of project costs and benefits, including positive and negative impacts that are not traded in the market and therefore have no market price. This can include pollution, public health, and benefits to people who cannot afford to pay for service.
Equity	One of two ways in which a business (e.g. project or utility) can raise money. With equity, the investor gets whatever cash flows are left over after paying debt and other commitments. Companies can raise equity in two ways. First, they can issue new shares of stock. The investors who buy the new shares put up cash in exchange for a fraction of the business' future cash flow and profits. Second, the company can take the cash flow generated by its existing assets and reinvest the cash in new assets.
Factors of production	Factor inputs used by providers to produce the goods and services consumed or the activities conducted in the system.
Financial viability	Whether or not a project or investment will have a positive net present value and, as a result, increase the value of the investor. This assessment evaluates the direct effects of the project or investment on the cash flow of the investor. It considers whether the projected revenues will be sufficient to cover expenditures and whether the financial return is sufficient to provide the return required by the investor.
Financially sustainable	A situation in which the total revenue to the service provider (including reliably provided grants from governments and transfers from donors) equals or exceeds the full cost of providing and sustaining quality service, including the costs of capital maintenance and cost of capital.
Financing	Act of providing funding
Financing gap	The amount of money needed to fund the ongoing operations or future development of a business or project that is not currently provided by cash, equity, or debt. In the case of sector or project, it can also refer to the shortfall in finance needed to achieve specific goals or objectives.
Financing sources	Where funding originates from before being channeled by financing units. The OECD 3T typology refers to financing sources as tariffs, taxes and transfers, to which must be added private repayable financing.
Fixed assets	A fixed asset is a long-term tangible piece of property that a firm or project owns and uses in its operations to generate income. Fixed assets are not expected to be consumed or converted into cash in the short term.

Funding	Monetary value of the funds provided to support a given activity.
Grant	A form of development aid without repayment obligations. Grants might be untied or carry explicit or implied political and commercial obligations.
Gross value added	Gross value added = output – intermediate consumption. Gross value added is a measure of the contribution to GDP made by an individual producer, industry of sector.
Instrument	A document (such as a check, draft, bond, share, bill of exchange, futures or options contract) that has a monetary value or represents a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Internal rate of return (IRR)	IRR is a performance measure equal to the internal rate of return after fees and carried interest are factored in. It is used in capital budgeting and portfolio management to calculate an investment's yield or overall financial quality by calculating an expected rate of return. Practically, it is the rate at which the net present value of negative cash flow equals the net present value of positive cash flow. A net internal rate of return is expressed as a per centage.
International public transfers	Voluntary donations (or grants) from public donors and multilateral agencies that come from other countries. Concessionary loans are excluded from this.
Lending	A loan is the act of giving money, property, or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges. A loan may be for a specific, one-time amount or can be available as open-ended credit up to a specified ceiling amount.
Microfinance institutions (MFI)	Refers to schemes for extending credit, savings, insurance, money transfers and other financial products to small business, farmers and other low-income borrowers who cannot get access to normal bank loans.
Net present value (NPV)	The difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyze the profitability of a projected investment or project.
Official development assistance (ODA)	Grants or loans to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms (if a loan, having a grant element of at least 25 per cent). The OECD DAC database at present only tracks ODA flows from OECD member countries but is looking to develop coverage of other non-OECD donors.

Operating cost recovery	A situation in which the revenues are at least equal to the operating costs of providing a service.
Operating expenditure (OPEX)	An operating expense is an expense a business or project incurs through its normal business operations. Often abbreviated as OPEX, operating expenses include rent, equipment, inventory costs, marketing, payroll, insurance, and funds allocated for research and development.
Partial credit guarantees	A credit enhancement mechanism for debt instruments (bonds and loans). It is an irrevocable promise by a financial institution to pay principal and/or interest up to a pre-determined amount. Typically, the guarantee is structured to cover 100 per cent of each debt service payment, subject to a maximum cumulative payout equal to the guarantee amount. The guarantee amount is usually expressed as a per centage of principal and amortizes in proportion to the bond or loan. In certain circumstances, this per centage can increase or decrease in the later years of the debt obligation, depending upon the needs of the borrower or creditors.
Pooled fund	Pooled funds are funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund. Investors in pooled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. Along with the added costs involved in the form of management fees, the main detractor of pooled fund investments is that capital gains are spread evenly among all investors, sometimes at the expense of new shareholders.
Public finance	Loans or equity investments provided by the government (public sector)
Public-private Partnership	A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.
Repayable financing	Sources of finance from private or public sources that ultimately need to be repaid, such as loans (including concessionary loans and guarantees), equity investments, or other financial instruments such as bonds. TrackFin splits this into two sub-categories: FT6.1 Concessionary repayable financing, and FT6.2 Non-concessionary repayable financing.
Return on investment (ROI)	ROI is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a per centage or a ratio.

Revenue requirement	The total amount of money that needs to be earnt in order to cover its cost of service.
Self-financing ratio	Self-Financing Ratio is a term that indicates the enterprise's ability to finance planned investments from its own resources.
Subsidy	A benefit given by the government or project to groups or individuals usually in the form of a cash transfer or tax reduction. The subsidy is usually given to remove some type of burden and is often considered to be in the interest of the public.
Tariff	A tariff is the price charged to customers for the provision of the services (such as water users to utilities). It is also a tax imposed on imported goods and services.
Taxes	Taxes are involuntary fees levied on individuals or corporations and enforced by a government entity - whether local, regional or national - in order to finance government activities. Includes taxes and fiscal contributions levied from service providers, such as: • Taxes on production (corporate tax on profits, property tax, leasing tax for renting fixed assets, taxes for occupation of public grounds or in relation to employees). • Usage charges related to (or earmarked for) the sector such as royalties, levies or duties for the use of water or the discharge of wastewater into water bodies. • Other charges on production levied for earmarked uses, such as social contribution. *"Nothing is certain except death and taxes." Benjamin Franklin*
Transfers	Funds from international donors and international charitable foundations (including NGOs, decentralized cooperation or local civil society organizations) that typically come from other countries. These funds can be contributed either in the form of grants, concessionary loans (i.e. through the grant element included in a concessionary loan, in the form of a subsidized interest rate or a grace period) or guarantees.
Unviable loss-making company	A company that does not have sufficient revenue to cover its operating expense or its capital expenses. It relies on capital and operational subsidies.
Voluntary contributions	Voluntary donations (or grants) from international and national non- governmental donors including from charitable foundations, non- governmental organizations (NGOs), civil society organizations and individuals (remittances)

UNICEF Eastern and Southern Africa Regional Office
Nairobi, Kenya