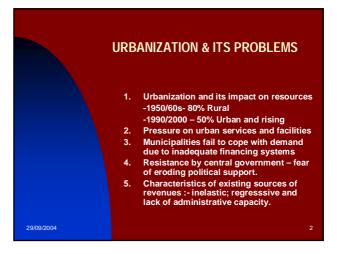
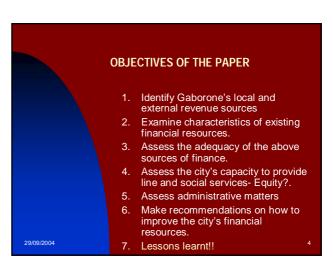
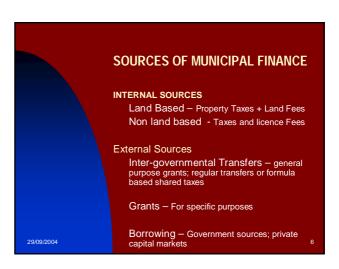
CHALLENGES OF MUNICIPAL FINANCE IN AFRICA: GABORONE CITY - BOTSWANA Prof. A.C.Mosha University of Botswana SECOND WORLD URBAN FORUM"CITIES: CROSS ROADS OF CULTURE, INCLUSIVENESS AND INTEGRATION" BARCELONA, SPAIN 13 – 17 September 2004



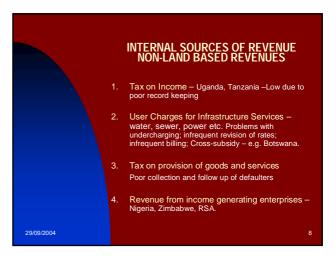
EMERGING PROBLEMS Municipal governments have failed to cope with increasing demands on line and social services due to lack of Financial resources. Result? Poor living environments, deteriorating infrastructure; poor housing, squatter settlements, informal sector activities, unemployment and poverty. "UNSUSTAINABLE CITIES"



MUNICIPAL FINANCE: AFRICA EXPERIENCE 1. There is a Gap between Financial Resources and Expenditure needs. 2. Inadequate Financial Systems –most countries 3. Tax Powers not wide enough and yield from current sources far inadequate. 4. Municipalities lack autonomy to raise tax base, rate structure and enforcement procedures – So cannot raise revenues commensurate with their expenditure requirements. 5. Poor financial management * Some countries are doing better than others.

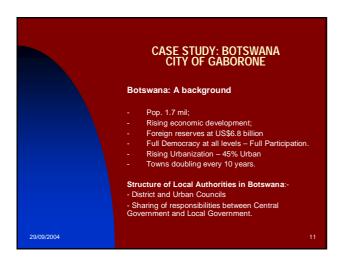


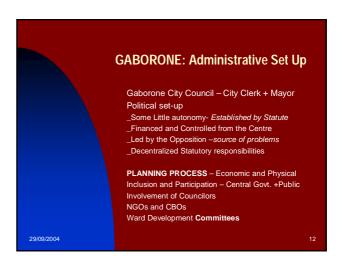
INTERNAL SOURCES OF REVENUE LAND BASED SOURCES 1 Property Tax- Common in most countries in Africa, but seldom exploited to the fullest — incomplete valuation rolls; out of date rates etc. Sometimes government owns a lot of property but does not pay rates, denying municipalities a lot of money 2. Land Fees — These vary, but income from these is rather low and collection is poor.



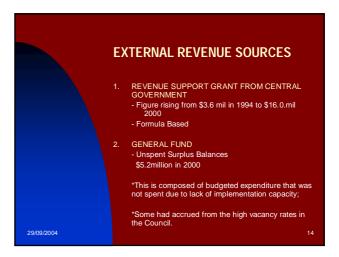
EXTERNAL SOURCES OF REVENUE 1. Inter-governmental Transfers Formula based and Non-Formula Based Kenya, Botswana, Nigeria – Main Source – Problem of uncertainty; control by the centre. 2. Intergovernmental Tax Sharing Kenya – 20% of road tax and 5% annual income shared by local authorities Uganda – 35% revenue transferred to districts Nigeria – LA share Federal Funds 3. Municipal Borrowing – common in Zimbabwe, RSA, Uganda; Uncommon in Botswana, Kenya, Tanzania etc.



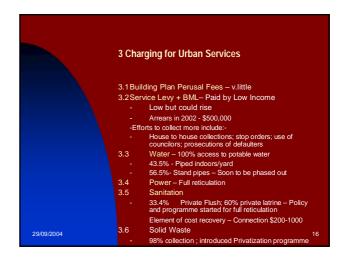


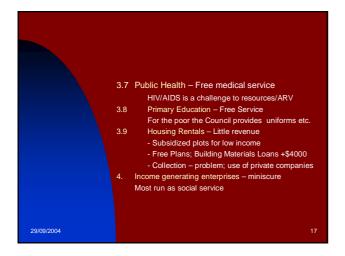


FINANCING DEVEI Revenue Sou	IANCING DEVELOPMENT Revenue Sources	
1. Capital Budget – 100% Grant from Govt.		
2. Recurrent Budget. 1999/2000		
* Revenue Support Grant	62.7%	
* Own Revenue Sources		
1. Rates	27.3%	
2. Interest	2.05%	
3. Service Levy	0.95%	
4. Rentals	0.90%	
5. Other Sources	6.1%	



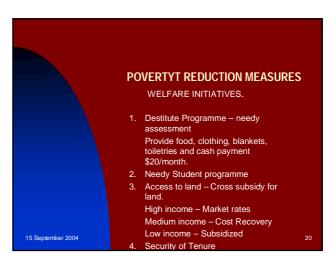
OWN REVENUE SOURCES 1. Property Tax and Rates — Slowly Rising from 23 – 27% Between 1998 – 2001 Defaulting is high though. Attempts being done to collect more via: - Reminders to plot owners - Demand Notices - Debt Collectors employed - Attach property/ Court Action - Publish names in the press – Some results 2. Tax on Goods and Services – Licences - Little income but has potential to grow - elastic - Defaulters taken to customary courts - Evictions from premises







HUMAN RESOURCES MANAGEMENT Personnel appointment and administration.- ULGSM Shortage of qualified staff Transfers and problems thereof. High staff turnover Capacity Problems. Solution? 1. Council introduced Performance Management System to increase productivity 2. Recruiting and vigorous Training 19



CONCLUSION: ISSUES. 1. Financing of municipal development in Botswana is in good shape –Good economy; 2. The municipality has adopted welfare programmes to alleviate poverty 3. Provision of services and facilities is enviable However, facing challenges: Lack of Autonomy, Power, Decision Making and political Low level of Own Resources - rates, fees, taxes Limited Legal Powers–by-laws requiring approval by MLG. 21



