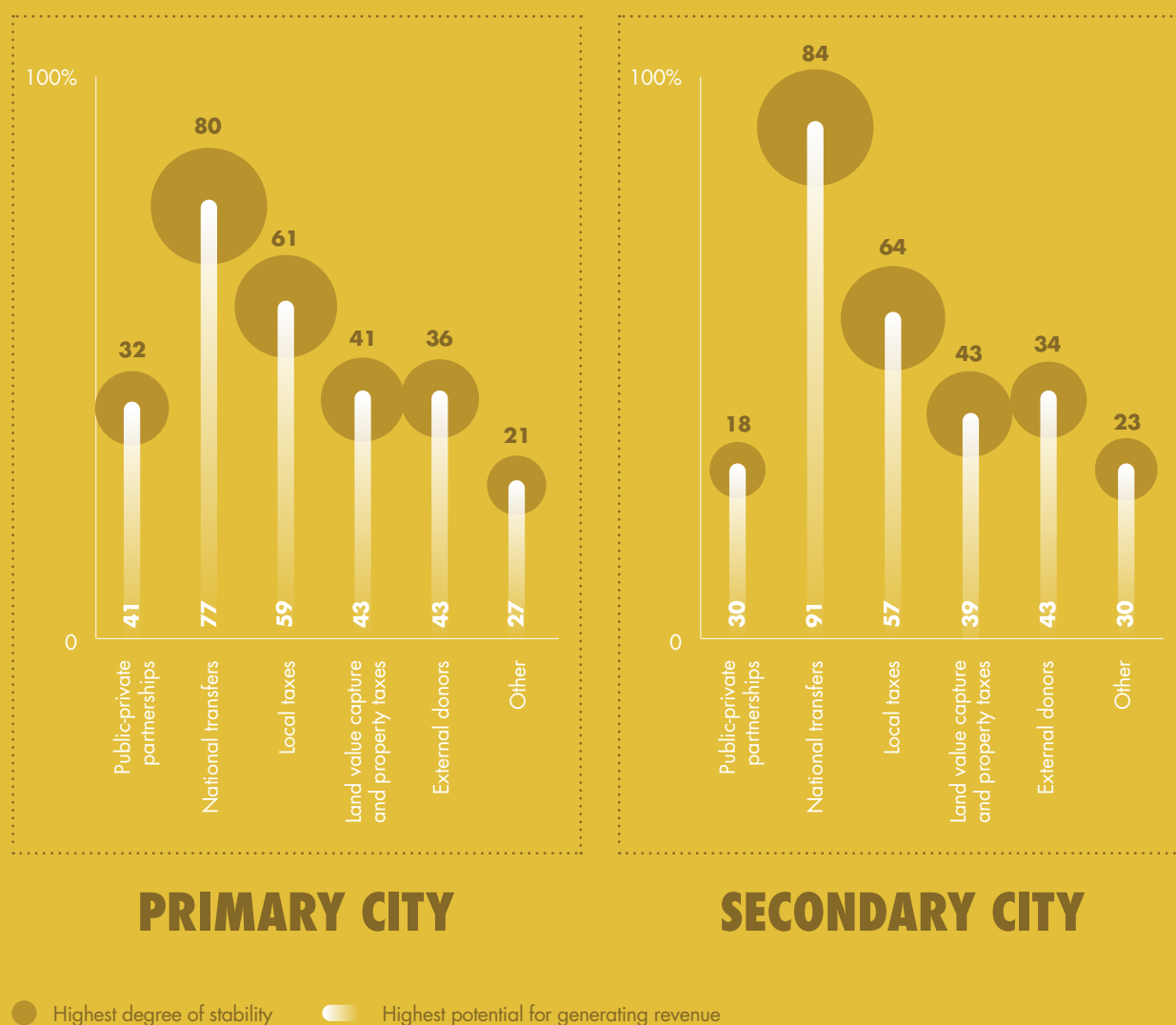


FIGURE 4.5.

FINANCING TOOLS FOR CITIES:

THE REVENUE POTENTIAL AND STABILITY OF MUNICIPAL FINANCING TOOLS IN AFRICA

Various tools to raise revenues are available to African cities, though their potential success and stability vary. The African Development Bank asked experts to rank financing tools on these factors in order to shed light on their reliability. National transfers were ranked at the top for having the greatest potential for mobilizing funding as well as the most stability, and local taxes were second. Notably, donors, while ranked third for potential revenue actually drops to fourth in terms of stability. Other potential sources highlighted include property taxes and public-private partnerships (PPPs), as well as minor sources such as remittances, local government bonds, and private loans (noted in “other”).



Note: “Other” includes local government bonds, remittances, and loans from local development banks and from private financial institutions. Survey answered by country economists of the AfDB and UNDP in 45 country offices in Africa. Response is weighted to one answer per country.

Source: African Development Bank. African Economic Outlook. 2016. AEO experts’ survey, 2016. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO_2016_Report_Full_English.pdf. Data available at: <http://dx.doi.org/10.1787/8889333350945>.