Panel Discussion on Public Private Partnerships on Waste Management in Africa

27th June 2018
1st ACCP Annual Meeting
Rabat, Morocco
Moderator: Dr. Mitsuo Yoshida  
Technical Advisor on Waste Management, JICA

Panelists:  
Mr. Mustapha Brakez  
Environmental Consultant, SEGU (Société d'Environnement et de Genie Urbain), Morocco

Mr. Hiroshi Kato  
Chief Adviser, JICA Project for Elaboration of the National Strategy for Treatment of Household and Similar Waste in Morocco

Mr. Maxwell Mwewa Nkoya  
Director Operations, Zambia Environmental Management Agency

Mr. Patrick Medius Nyirenda  
Environmental Officer, Department of Environmental Affairs, Ministry of Natural Resources, Energy and Mining

Mr. Patrick Wangombe Theuri  
Deputy Director of Environment, County Government of Kiambu, Kenya
Moderator: Dr. Mitsuo Yoshida
Technical Advisor on Waste Management, JICA
95% of African cities applies PPP for SWM service.

36% is not satisfied private sector’s works

54% shows a poor management by public authority

38% has insufficient legal system on PPP

Source: JICA Study Team (2018)
Panelists:
Mr. Mustapha Brakez
Environmental Consultant, SEGU (Société d'Environnement et de Genie Urbain), Morocco
La gestion des déchets municipaux

La gestion des déchets municipaux est une fonction organique des services publics, au même titre que l’eau potable ou l’électricité.

Cette gestion peut être subdivisée en trois sous-catégories:

1. **Fonctions primaires**
   - Fonctions d’excrétion des déchets vers un exutoire identifié et contrôlé

2. **Fonctions secondaires**
   - Optimisation environnementale, sociale et financière des fonctions primaires
   - Tri et valorisation
   - Fonctions sociales

3. **Fonctions tertiaires**
   - Mécanismes incitatifs, prise en compte des externalités
   - Mécanismes de régulation

Il ne peut y avoir de mise en œuvre de fonctions secondaires ou tertiaires sans maîtrise opérationnelle et financière des fonctions primaires.
La gestion des déchets municipaux
Le secteur est en mutation constante et son niveau de développement peut être figuré sous forme d’un continuum

<table>
<thead>
<tr>
<th>Non Structuré</th>
<th>Emergent</th>
<th>Structuré</th>
<th>Economique</th>
<th>Mature</th>
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<tbody>
<tr>
<td>Pas de réglementation</td>
<td>Réglementation générale (définition)</td>
<td>Réglementation spécifique aux déchets solides (cadrage)</td>
<td>Réglementation spécifique au niveau national (planification)</td>
<td>Corpus réglementaire étendu supra-national assorti d’objectifs</td>
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<tr>
<td>Pas d’instances de gestion</td>
<td>Instances municipales en charge des déchets</td>
<td>Instances municipales structurées</td>
<td>Instances intercommunales</td>
<td>Intercommunalité obligatoire</td>
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<td>Financement budgétaire</td>
<td>Financement des coûts de fonctionnement</td>
<td>Financement des coûts de fonctionnement et d’investissement</td>
<td>Financement des coûts + profit</td>
<td>Financement des coûts + profit + externalités</td>
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<tr>
<td>Technologie de base</td>
<td>Technologie non spécifique</td>
<td>Technologie spécifique (BOM, Transfert)</td>
<td>Technologie avancée (tri et valorisation)</td>
<td>Technologie de pointe (UVE, Gazif, RDF)</td>
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<tr>
<td>Pas d’implication du secteur privé</td>
<td>Implication difficile du secteur privé</td>
<td>Implication limitée du secteur privé</td>
<td>Implication du secteur privé</td>
<td>Forte implication du secteur privé</td>
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<tr>
<td>Qualité de service très basse</td>
<td>Qualité de service mal répartie</td>
<td>Notion de service public</td>
<td>Notion de qualité de service et professionnalisation</td>
<td>Service optimisé avec responsabilisation de l’usager</td>
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Financement du secteur

L’équilibre financier du secteur est à la base de son évolution

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<tr>
<th>Coûts</th>
<th>Recettes</th>
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<tr>
<td>Externalités</td>
<td>Fonctions tertiaires</td>
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<tr>
<td>Développement</td>
<td>Fonctions secondaires</td>
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<td>Excédents</td>
<td>Aide extérieure</td>
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<td>Amortissement</td>
<td>Subventions</td>
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<td>Coûts de fonctionnement</td>
<td>Redevance</td>
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<td>Taxes environnementales</td>
<td>Salaires</td>
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<td>Carburant Etc.</td>
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<td>Nouveaux projets</td>
<td>En vue du remplacement des actifs</td>
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<td>Excédent d’exploitation</td>
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<td>En vue du remplacement des actifs</td>
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| Mise en place d’un ERP afin de connaître le coût réel de la gestion des déchets.

L’apport du secteur privé est utile dans l’évolution du secteur au travers de sa capacité technique et financière.
L’efficacité du secteur privé est souvent meilleure mais elle s’accompagne systématiquement d’une augmentation des coûts et nécessite d’avoir préalablement mis en place les mécanismes de financement.

Capacité à payer : 1 à 2% du revenu des ménages en Europe
Ne doit pas dépasser 3%
Principes de base d’un PPP

Notion de performance:

- Les services ("outputs") doivent être détaillés en termes performance
- La notion de performance concerne ce qui doit être réalisé et non comment le réaliser. Ceci permet au secteur de proposer des solutions innovantes tant au niveau des infrastructures qu’au niveau des services
- Les performances doivent être Spécifiques, Mesurables, Atteignables, Réalistes et définies dans le Temps (SMART).

Sources de performance potentielle dans un projet en PPP:

- Transfert de risque
- Contrat à long terme (incluant la notion de cycle de vie)
- Utilisation contractuelle de la notion de performance
- Mesure et suivi de la performance avec clauses incitatives
- Méthode de gestion du secteur privé
- Mise en concurrence
- « Universalité » des services
Principes de base d’un PPP

Transfert de risque optimal

✓ Un partage des risques optimal entre l’entité publique et l’entité privée constitue la base d’un « bon PPP »;

✓ Le principe directeur est la distribution des risques en fonction de la capacité de chacune des parties à les gérer;

✓ La meilleure performance n’est jamais atteinte en transférant l’ensemble des risques au secteur privé;

✓ Si un opérateur accepte de porter un risque qu’il ne maîtrise pas ou très peu, la compensation financière demandée sera plus importante que le coût du risque lui-même.
Principes de base d’un PPP

Paiements: les modalités de rémunération sont une manière efficace de répartir les risques et d’assurer un bon niveau de performance

• La rémunération doit être une incitation pour l’opérateur d’atteindre voire de dépasser son niveau de performance et tout en assurant la continuité du service;

• Les principes de rémunération peuvent inclure un ou plusieurs des éléments dispositifs suivants: Facturation directe, paiement proportionnels, paiements indexés sur la disponibilité, paiements indexés sur la performance

Un mécanisme de paiement idéal doit suivre les principes suivants:

• Simplicité
• Livrables ou performance mesurable
• Incitations financières à la performance
• Flexibilité
• Solvabilité en fonction de la répartition des risques
• Payables par l’entité publique
• Responsable (permettant une résolution des différends)
Panelists:
Mr. Hiroshi Kato
Chief Adviser, JICA Project for Elaboration of the National Strategy for Treatment of Household and Similar Waste in Morocco
Self-introduction

- **Name and nationality**
  - Hiroshi KATO / Japanese

- **Specialized field**
  - Consulting on solid waste management and sewer system

- **Affiliation**
  - EX Research Institute Ltd, Tokyo, Japan (private company)

- **Year of experience**
  - More than 40 years

- **Recent experience**

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<thead>
<tr>
<th>Date Range</th>
<th>Project Description</th>
<th>Role and Expertise</th>
<th>Client</th>
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<td>December 2016 to December 2018 in Morocco</td>
<td>Capacity development project for the Municipal solid waste management in the commune of Tiznit and the neighboring communes in the Kingdom of Morocco. As a team leader / solid waste management, with 3 experts.</td>
<td>Client: JICA</td>
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<td>March 2013 to March 2016 in Morocco</td>
<td>The Project for Capacity Development for Solid Waste Management in Tiznit Commune and Neighboring Communes in the Kingdom of Morocco. As a chief adviser / solid waste management, with 5 experts.</td>
<td>Client: JICA</td>
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<td>January 2015 to December 2015 in Turkey</td>
<td>Data Collection Survey on Solid Waste Management in Turkey. As a Leader of the Survey Team, with 9 experts.</td>
<td>Client: JICA</td>
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Self-introduction: Tiznit project

Improvement open dumping site in Tiznit

Before, year 2014

Improving, year 2014

After, year 2015

After, year 2017
Discussion points(1)

First of all.

- Privatization is not a panacea for improvement of a solid waste management.
- It is necessary to select an appropriate scheme.
- A suitable scheme is different by a local government (geographical conditions, population, economic condition, etc.).

For example, in case a population size of 1 million and 50,000.

- Assuming that the amount of waste discharged rate is 1 kg/person/day.
  - Waste discharge amount of population of 1 million local government is 1,000 ton/day.
  - Waste discharge amount of population of 50,000 local government is 50 ton/day.

- A solid waste disposal unit price varies depending on the solid waste amount.
  - In case of a large amount, the unit price declines.
  - In case of a small amount, the unit price rises.
• Large local government have enough resources (funds, human resources, etc.).
• Small local government have **not enough** resources (funds, human resources, etc.).
• The scale is important to build a win-win relationship with the private entity.
  → **Securing the scale is necessary**
• If scale cannot be secured, a direct operation should be considered rather than privatization.
Panelists: 
Mr. Patrick Medius Nyirenda
Environmental Officer, Department of Environmental Affairs, Ministry of Natural Resources, Energy and Mining, Malawi

Phone: +265 999 639 350
Email: patricknyirenda42@yahoo.com
Brief CV

 Waste Management Expert:
  • MSc. Environmental Protection and Management (University of Malawi)
  • BSc. Environmental Science and Technology (University of Malawi)
  • Postgraduate Diploma in Pesticide Risk Management (University of Capetown)
  • Certificate in Pollution Control Technologies (Hebei University of Science and Technology, China)
  • Certificate in Integrated Environmental Impact Assessment and Audits (Kenya School of Government)
My Perspective on PPPs in SWM

• Experience teaches us that the support and cooperation of the general public play a vital role in ensuring the success of any programme of private sector participation, yet often very little attention is given to generating this support.

• The involvement of the public should be seen as central to any strategy for introducing private sector participation.

• In order to ensure that private sector takes interest in the SWM, government should be in the forefront to put their house in order so that the environment is conducive to investors in the sector.
My Perspective on PPPs in SWM (2)

- There is need to put in place enabling laws that do not restrict or put off participation of private companies.
- Private companies are generally profit oriented and not charity organization. The need to incentive them so that their involvement necessitates their profitability can not be overemphasized.
- Private companies should stop viewing solid waste as trash but as raw material for various products and as an investment opportunity.
Panelists:
Mr. Patrick Wangombe Theuri
Deputy Director of Environment, County Government of Kiambu, Kenya
Public-Private Partnership in Waste Management Service

1) How can we promote?

2) How can we encouraged?

**Public Administration System**
Planning, Implementing, and Monitoring of Municipal Waste Management Services

**Waste Generators**
- Treatment cost for generated waste

**Providing waste management service by private sector**
- Licensing
- Outsourcing Contracting
- Monitoring, Evaluation

**Investment by private sector**

**Beneficiaries**

Promotion of public-private partnership, Investment
Economic instruments

Public service delivery
Q1. How can the government promote the private sector participation in solid waste management in Africa?

Q2. How should the government encourage public-private partnership businesses for appropriate SWM (qualified services)? What are the methods and challenges for licensing, outsourcing, promoting private finance initiative and monitoring?

Q3. What is the expected role of ACCP for promoting PPP on SWM in Africa?
Panelists: 
Mr. Maxwell Mwewa Nkoya
Director Operations, Zambia Environmental Management Agency
Maxwell Mwewa Nkoya

Director Operations: Zambia Environmental Management Agency (ZEMA).

ZEMA is a government agency with overall oversight and coordination on environmental management, pollution prevention and prevention including waste management. It was established under the an Act of Parliament, the Environmental Management Act Act No. 12 of 2011.

Maxwell Mwewa NKOYA is also;

- Member of the United Nations Subcommittee of Experts on the Globally Harmonized System for Classification and Labelling of Chemicals.
- Trainer of Trainer- Cleaner Production
- Head of National Green House Inventory Center.
Q1. How can the government promote the private sector participation in solid waste management in Africa?

- Realization that none of the public, formal or informal private sector, community based or non-governmental organizations can individually solve city waste problems.
- Government to facilitate development of sustainable Solid waste management MSW management systems requires the development of effective partnerships among all MSW stakeholders (Taylor).
- Public Private Partnership (PPP) could create a pool of resources that offers authorities a viable option to provide MSW services due to growing shortfall in public budgets and increasing population (Plata-Díaz, et al).
- Government to realize that Economic pundits stress that hybrid organizations comprising both private and public sectors give society a good prospect for better service delivery due to the fact that the involved players use each other’s strengths to leverage their shortcomings. (Ali)
Q1.
How can the government promote the private sector participation in solid waste management in Africa?

- Government to create conducive environment were Partnerships provide room to move away from lock-ins and path dependence, to promotes competition.
- Governments should ensure that as they form partnerships, its vital for authorities not to neglect the informal private sector as these play a key role in reaching out to places or areas where the formal private sector might not be able to cover. (Ezeah, et al.)
- Realization that Partnerships among actors participating in a circular economy is essential for the creation of industrial parks that thrive on industrial ecology. No entity can run a closed loop production system alone in waste management.
Q1.
How can the government promote the private sector participation in solid waste management in Africa?

Zambian Case studies:


2. **Manja Pamodzi**: Lessons learnt, currently one of the most successful mostly community based PPPs in WM in Lusaka, Zambia.

3. **The Franchise System for Lusaka City Council**: Lessons learnt from the challenges of private sector in solid waste with respect to collection and transportation of waste.
Q2.A
How should the government encourage public-private partnership businesses for appropriate SWM?

- Economic Incentives key since its business operation and to ensure sustainability.
- Economic incentives includes Tax incentives such as Zero or reduced import Duty Waste Management Equipment.
- Tax Relief for Certain areas over a given period
- Regulatory Instruments that promotes Recycling and value addition along the Waste Supply Chain.
Q2.B

Methods and challenges for licensing, outsourcing, promoting private finance initiative and monitoring?

- The Extended Producer Responsibility Regulations for registration/or licensing of products that are likely to have adverse impact on the environment.
- **Tax incentives** for Private firms in Waste Management
- Regulatory based compliance monitoring and promoting Self-Regulation by Waste Management Firms such as through Codes of Conduct.
- In PPP the **Partnership Is Only As Strong As The Weakest Link**
- The resultant synergies have enabled pooling of resources and expertise from the private and public sectors to reduce risks and build in economies of scale thereby improving service delivery.
- Oteng-Ababio (2010) says “**PPP works well until one of the stakeholders fails to deliver**” (Therefore, its required of all the parties in the partnership to honour their obligations for such an enterprise to thrive).
- Need for defining roles and responsibilities in the PPPs in waste management such as the public sector focusing on monitoring performance, planning and issues of accountability, PPPs become sustainable and rational way to manage.
Q3. What is the expected role of ACCP for promoting PPP on SWM in Africa?

- Influencing development of Model Policies or Regulations.
- Platform for experience and information sharing.
- Promote Best Practices
- Development of Guidelines and Codes of Conduct for Best practices in Waste Management.
- Lobbying with Central Government on prioritizing funding of waste management in environmental management.
1. Comment le gouvernement peut-il promouvoir la participation du secteur privé à la gestion des déchets solides en Afrique?

Il y a deux grands secteurs très différents nécessitant des approches différentes (propreté et traitement). La première est très socioculturelle alors que la seconde est très technique et nécessite un grand effort financier étatique et c’est ce deuxième point qui doit être affecté en priorité au secteur privé.

2. Comment le gouvernement devrait-il encourager les entreprises de partenariat public-privé pour une GDS appropriée? Méthodes et défis pour l’octroi de licences, l’externalisation, la promotion de l’initiative de financement privé et le suivi?

Nécessité d’élaborer un cadre réglementaire adéquat et de trouver le modèle économique correspondant.

Entre les pouvoirs publics et la société civile, une alliance est à construire. Pour qu’il y ait propreté, il faut qu’il y ait appropriation sociale des espaces collectifs, qu’il s’agisse de la rue ou du quartier; sinon, c’est l’espace « de personne ».

3. Quel est le rôle attendu de l’ACCP pour promouvoir les PPP sur la GDS en Afrique?

Rôle d’encadrement et d’élaboration de guides techniques et de bonnes pratiques dans le domaine de la coopération décentralisée.
Discussion points (3)

1. *How can the government promote the private sector participation?*
   - Preparation of strategies to secure size in each region and implement it.
     - Formulation of a regional solid waste management plan with multiple local governments.
   - In case of correspondence in areas where the scale cannot be secured.
     - Planning and implementation of measures to be implemented in public direct management.

2. *How should the government encourage public-private partnership businesses for appropriate SWM?*
   - Methods and challenges for licensing, outsourcing, promoting private finance initiative and monitoring?
   - Various schemes for entry into the private sector can be considered, but the important thing is monitoring and communication with the private sector.
   - Establish appropriate monitoring and communication method based on burden-sharing with public sector between private sector.

3. *What is the expected role of ACCP for promoting PPP on SWM in Africa?*
   - Sharing information about each country
   - Share experiences of each country
   - Recommendations for problem-solving based on the Japanese experience
   - Development of the capacity for each country based on information/experience sharing

Mr. Hiroshi Kato, Chief Adviser, JICA Project in Morocco
RESPONSES TO QUESTIONS

Q1. a) **Political influence** should be on the positive side.
   b) **Reduce Bureaucratic** delays.
   c) **Ensure Complementarity**—both parties achieve their objectives at a lower cost, more effectively and in the planned timeframes.
   d) **Ensure Subsidiarity**—possible if the private partner would not undertake the measure without the public partner.

Q2. a) **Market neutrality**—Government must be open to cooperation with every company, without any restrictions or partiality.
   b) Provide incentives e.g. tax waivers, subsidies, special recognition
   c) Enabling laws that do not put off investors

Q3. a) Information sharing on statistics which help in decision making by investors, donors, researchers etc
   b) Assist countries through sharing of experiences and capacity building
Q1. How can the government promote the private sector participation in solid waste management in Africa?

Q2. How should the government encourage public-private partnership businesses for appropriate SWM (qualified services)? What are the methods and challenges for licensing, outsourcing, promoting private finance initiative and monitoring?

Q3. What is the expected role of ACCP for promoting PPP on SWM in Africa?
Q1. How can the government promote the private sector participation in solid waste management in Africa?
Q2. How should the government encourage public-private partnership businesses for appropriate SWM (qualified services)? What are the methods and challenges for licensing, outsourcing, promoting private finance initiative and monitoring?
Q3.
What is the expected role of ACCP for promoting PPP on SWM in Africa?
Four issues and nine questions

- **Licensing**
  - How can we integrate private firms to the formal SWM system?
  - How can we set minimum level of quality?

- **Outsourcing**
  - How can we establish transparent and competitive conditions for outsourcing?
  - How can we set appropriate contract management?

- **Monitoring and Evaluation**
  - How can we implement service quality control?
  - How can we evaluate service providers?

- **Promotion of PPP and Investment**
  - How can we encourage for private sector to participate solid waste management service?
  - Which kind of Institutional setup is necessary for promoting PPP?
  - Which kind of economic instruments is effective for promoting PPP?