

IMPACT STORIES

PPIAF Supports Private Sector Participation in the Solid Waste Sector in Ethiopia



PPIAF has supported the government of Ethiopia in the formulation of a strategy for private sector involvement in municipal solid waste management. PPIAF provided funding in 2002 for a comprehensive diagnosis of the solid waste sector, including generation, collection, storage, transport, and disposal of waste. These findings were presented at four stakeholder workshops on private sector participation in the sector, and further insights into international best practices appropriate for Ethiopia were gained through two study tours to South Africa and Egypt.

As a result of the PPIAF study, in February 2007 the Ethiopian President passed the Solid Waste Management Proclamation No. 513/2007, which allows private operators to obtain a permit to engage in the collection, transportation, and use or disposal of waste.

As of April 2011, 524 private enterprises in the Municipality of Addis Ababa have obtained the necessary permits to perform primary solid waste collection, employing a total of 5,815 waste collectors. Consequently, the municipality has increased the garbage collection rate from 60% to 80%, resulting in an additional 600,000 residents in Addis Ababa having their waste collected.

Despite deregulation in the 1990s, which permitted increased private sector participation (PSP) in the provision of infrastructure services, the absence of an appropriate policy and regulatory environment continued to inhibit PSP. By 2002 municipal solid waste management (SWM) was in a poor state in Ethiopia. SWM had not been a national priority and investments were minimal; it existed in some cities but not in most rural areas and there was no overall national strategy for SWM. Poor waste collection and disposal practices had significant environmental and health impacts. There was no formal structure for charging waste generators and weak financial and cost recovery systems were one of the major sources of poor waste management performance.

Thus, there was considerable potential for improvements in SWM performance through efficiencies gained from the introduction of the private sector. However, PSP in SWM was limited to informal pre-collection companies in Addis Ababa and a few other cities. Moreover, there was virtually no capacity within government to develop appropriate SWM contracts and to carry out the tendering and evaluation process for PSP.

It was essential that the necessary framework for PSP be developed before contracts were tendered and the private sector became formally engaged in SWM operations, and it was in this context that the government requested support from the Public-Private Infrastructure Advisory Facility (PPIAF) for the development of an appropriate strategy and framework for PSP in the SWM sector.

PPIAF SUPPORT

In late 2002 the government of Ethiopia, through the Environmental Protection Agency (EPA), sought PPIAF support to: 1) provide a diagnostic of the solid waste sector in the country, 2) assess the legal and institutional changes required for greater PSP in the sector, 3) assess the available opportunities and options available to EPA for PSP in the sector, and 4) recommend policy, institutional reforms, strategy, and applicable laws necessary for greater PSP in the sector.

In addition to the diagnostic report, PPIAF funded a training course on finance and cost recovery options in the SWM sector, four consultation workshops with relevant stakeholders, and two study tours to South Africa and Egypt to learn from African experiences of PSP in the sector.

OUTCOMES

Following the PPIAF activity, consensus was achieved on the value of the incorporation of private sector enterprises in the solid waste sector. In addition, the PPIAF-funded training course and study tours increased the technical capacity of municipality staff to understand the principles of private financing, operation, and cost recovery in the sector, which was crucial before staff began supervising the tendering and evaluation of PSP in the sector.

Subsequently the EPA began a full review of the national SWM strategy, to incorporate policy provisions for PSP in SWM generated by the study. As a result, in February 2007, the President passed the Solid Waste Management Proclamation No. 513/2007.

The proclamation encouraged urban administrations to create appropriate enabling conditions to promote private investment and operation in the provision of SWM services, and allowed private operators to obtain a permit to engage in the collection, transportation, and use or disposal of waste. The objective of the proclamation was to increase solid waste collection rates to reduce the potential negative environmental and social impacts of insufficient SWM, and provide economic and social benefit through increased private sector involvement in the sector.

DONOR COORDINATION

Together with PPIAF assistance to the sector, other donors have also been active in the solid waste sector in Ethiopia. In May 2007 the Agence Française de Développement approved €5.4 million in funding—out of total project cost of €27.76 million—for the construction of four transfer stations to reduce the distance from primary collection sites to the landfills. The main objective of the project is to improve living conditions in Addis Ababa by supporting the amelioration of solid waste management and infrastructure.

In addition, in May 2008 the World Bank approved a \$145 million loan to support improved performance in the planning, delivery, and sustained provision of priority municipal services and infrastructure by urban local governments. The project includes significant focus on solid waste management and the provision of related infrastructure, facilities, and machinery. The activity also provides assistance for urban local governments interested in entering into service contracts with private enterprises for the collection of solid waste.

IMPACTS

The Municipality of Addis Ababa is the largest municipality in Ethiopia with over 3 million residents. Following the 2007 proclamation, the municipality was divided into 549 collection zones comprising 800–1000 households, with one private enterprise assigned to each zone. Service charges for waste collection are collected as part of water consumption rates, and payment for the private operators is on a volume based rate of 30 birr (around \$1.75) per m³ of waste collected.

As of April 2011, 524 enterprises have obtained the necessary permits to perform solid waste collection in Addis Ababa, employing a total of 5,815 operators. These operators are focused on primary collection of solid waste.

Consequently, in Addis Ababa, the municipality has increased the garbage collection rate from 60% to 80% and more than 200,000 tons of waste are now collected each year. As a result, an additional 600,000 residents in Addis Ababa now have their waste collected.

RELATED PPIAF ACTIVITIES IN ETHIOPIA

- 2002: Workshop on Private Sector Participation in the Water Sector, **\$71,400**