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SOLID WASTE MANAGEMENT AS A CATALYST FOR GOVERNANCE REFORM:

MICRO-LICENSING FOR PRIVATE SECTOR PARTICIPATION IN NIGERIA

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Abstract

The quality of solid waste management (SWM) services is heavily dictated by a range of factors inherent in good Governance. The visible cleanliness of a city is just one parameter that we use when deciding on a place to live, stay, set up business and invest. It is a sign of a healthy functioning city, a place where corruption does not stifle opportunity, an indicator of a degree of care being taken by Government to promote a healthy living environment for citizens.

This paper summarises key experiences from the on-going reform process of the SWM service sector in Nigeria's Enugu and Benue States. Drawn from work sponsored by the UK DFID State and Local Government Programme, the paper highlights some experiences which may be useful for those similarly interested in improving the quality of SWM services in sub-Saharan African cities and towns. The paper discusses a potentially new 'micro-licensing' model for SWM service provision, offers insight on critical institutional and legal reform issues, and emphasizes the importance of community participation and public awareness.

1. Introduction

The quality of solid waste management (SWM) services is heavily dictated by a range of factors inherent in good Governance. SWM, in particular the visible cleanliness of a city, is one of a range of indicators which we subconsciously or consciously use to assess the performance of a Government in delivering essential services to its citizens.

If this hypothesis is accepted, there are some important implications.

Firstly, the quality of SWM services directly influences the image of a city or town as a location to live, set up business and invest. It is a sign of a healthy functioning city, a place where corruption does not stifle opportunity, an indicator of a degree of care being taken by Government to promote a healthy living environment for citizens. A good place to be!

Secondly, it raises the profile of SWM as a potential issue around which to catalyse Governance reform in other sectors, and progress towards meeting Millennium Development Goals. The visibility of SWM services and the complexity of upstream factors influencing their day-to-day delivery, means that reform

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of the SWM sector can provide valuable experiences which can be directly used for reform of other service areas.

This paper outlines a case where this hypothesis was tested; where SWM was used as a catalyst of Governance reform in two Nigerian States; and where we hope our ideas and experiences can be of help to fellow professionals working in this field.

In particular, the work developed and tested a (possibly) new service model for private sector participation in SWM, which we call 'micro-licensing'. Micro licensing may be appropriate for enhancing quality of SWM and sanitation services in other small-medium size towns in sub-Saharan Africa and beyond.

2. Caveat

This paper presents the views of the three authors, and should not be taken as representative of the opinions of either the bilateral funding agency who commissioned the work (UK DFID), or the Nigerian States in which the work was carried out (Benue and Enugu States).

3. Background

In 1998 the Government of Nigeria launched a programme of Governance reform, assisted by the UK Department of International Development (DFID) through a State and Local Government Programme (SLGP).

States were selected as locations for the programme, and a broad spectrum of work on issues such as public sector expenditure management, budget programming, local government reform, human resource management and communications was commenced.

In 2000, it was realised that it would be helpful if one or more 'issues-based projects' could be identified in each State, around which to build reform momentum. The work being carried out, although fundamental to improved Governance, lacked a certain visibility and tangibility.

By 2001, solid waste management had been identified as an issues-based project in Benue and Enugu States. The aim of the work was not necessarily to clean the streets, but to catalyse Governance reform through practical action in one area of public service delivery.

The initiative was carried out under the direction of the already established State Reform Teams (SRT's), set up to oversee and drive forward the reform process. In Benue, an Environmental Management Steering Committee was set up under the SRT to direct the activities.

4. The States

Benue State is located in central Nigeria. Benue is known as the Nigerian 'food basket state', because of the dominance of the agricultural sector. Benue has an estimated population of 5.2 million, around 1 million of whom live in the towns of Makurdi, Katsina-Ala, Gboko and Otukpo. Work concentrated on the capital town of Benue, Makurdi, which has an estimated population of 200,000.

Enugu State is located in Eastern Nigeria. The economy of Enugu is dominated by the industrial sector. Enugu City, previously known as Coal City, has an estimated population of 1 million inhabitants. Work was concentrated in Enugu City.

5. Baseline SWM Situation

In both Makurdi and Enugu the existing level of solid waste management services were very poor.

In Makurdi, there was a rudimentary community-skip waste collection service. The public body responsible for providing these services, the Urban Development Board (UDB), had a few operational skip trucks and tipper vehicles. The UDB provided services to the best of its ability with the equipment and operational budget available, concentrating on picking up skips in the high density living areas, and at various other locations around the town. As is common in public bodies in Nigeria, the UDB suffered greatly from under-funding, over-staffing and poor management structures.



Figures 1 *State of repair of Urban Development Board vehicles and condition of urban dump sites in Makurdi town*

In Enugu State, the existing situation was similar, but more acute given the larger and denser urban population in the capital city Enugu. At the time the body responsible for waste services was the Enugu State Environmental Protection Agency (ENSEPA). Because of the lack of operational vehicles and irregularity of waste collection services, a number of local dumps were scattered across the city. Although traditionally starved of funds from government, the role of corruption, lack of transparent processes, appointment by patronage and embezzlement cannot be emphasised enough as significant drivers in the continuous under-performance of services. Furthermore, the lack of public willingness to pay for waste services, (where poverty and lack of evident services were probably significant factors) meant that operational funds were non-existent. Photos of two SWM dumps in Enugu prior to the pilot project are shown in Figures 2.

6. Planning and pilot projects

The first task undertaken was to characterise the existing situation, design alternative models of service provision, and plan pilot projects.

In Benue State, a comprehensive programme of work was undertaken following the project cycle in Figure 3 below. Studies included waste quantities and composition analysis, mapping, socio-economic

survey, public awareness, site identification and environmental impact assessment. A pilot project area was identified consisting of three 'environmental zones', including high, medium and low density living areas.



Figures 2 Existing dumpsites in Enugu prior to development of a new site

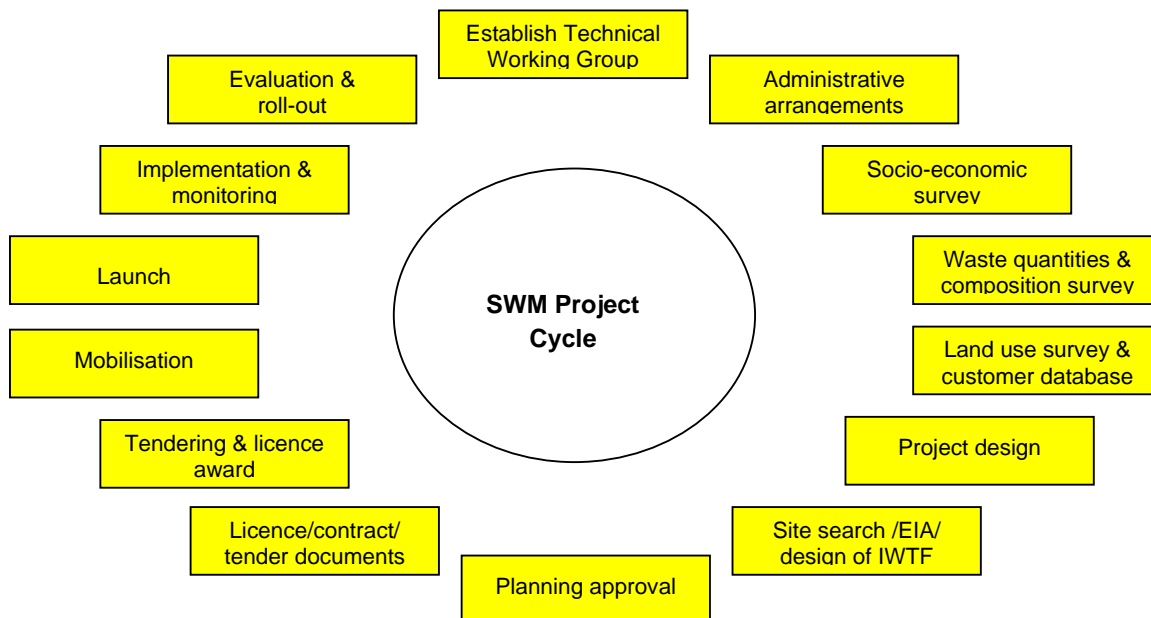


Figure 3 SWM Project Cycle

In Enugu, a different approach was adopted. The programme moved much more swiftly into pilot project implementation, following baseline surveys, identification of pilot service models, landfill site identification and construction. The pilot project location was New Haven, an area of medium density housing where the communities could afford to pay a reasonable amount for service delivery.

Experience from the Enugu pilot project influenced design of the service delivery model to be used in the Benue pilot project, and also fed back into the re-design of the Enugu service delivery model.

The pilot project in Enugu was designed around a bag-based collection system with delivery to transfer stations, and then further loading and transport to the new landfill site. Private service providers (PSPs) were contracted to provide the household-transfer station component of the service, with ENSEPA responsible for the transfer station management, haulage and landfill services. Revenue was to be

collected by ENSEPA, with the PSPs paid for their component of the service at pre-established contract rates.

The Enugu pilot project failed to deliver sustainable and acceptable level of services. The transfer stations turned into dump sites, PSP contractors did not effectively perform household collection services, and the landfill remained practically unused. Insufficient revenue was collected, and customers were unsatisfied.

The Enugu pilot provided some valuable experiences to reflect upon in the design of an improved service delivery model, which was subsequently used in Benue and Enugu.

7. The Service Delivery Model: Micro-Licensing

It is commonly known that Nigeria has been plagued by high levels of corruption and poor governance. The attitude of the public to SWM services was discovered during socio-economic surveys carried out in Benue, with people expressing:

- a clear demand for SWM services and a willingness to pay;
- an understanding of the linkage between SWM services and health;
- a lack of belief that Government would deliver improved services; and
- a preference to pay in cash (at the door) to the person providing services.

It became clear that for SWM services to be successful there would need to be a direct relationship between service and payment. The implication of this is that whoever was to provide services in a certain zone, would also need to be responsible for collecting their own revenue.

The second key factor in designing the service delivery model was that in order to ensure reasonable revenue potential, the zones would have to contain a certain minimum number of customers. Also, the service provider would need to be given the sole rights to collect waste from all customers in their zone.

The implication of this was that the service provider needed to be responsible for collection of waste and delivery to the landfill site, ie a transfer-based system where costs were split between two different operators was unlikely to work.

In Benue, it was decided that the service provider would also be required to sweep the streets, and separately collect infectious waste and waste from markets, with the cost of these services planned to be factored into the customer tariffs. In Enugu, street sweeping services were to be provided by the public authority, but separate collection of infectious waste was required by the service provider.

It became clear that the service delivery model being designed for Benue and Enugu was different from a standard waste collection contract, there was to be no payment from Government for the service, and Government was to be relieved of the revenue collection function. What was in fact being developed required a licensing type of arrangement, whereby a service provider would be allocated rights and responsibilities to operate in a particular zone.

The last link in the chain was to identify a mechanism which would enable the cost of waste treatment and landfill to be recovered. It was determined that the cost of these services would be factored into a license fee, payable either as a lump sum at the beginning of the license period, or in regular monthly instalments. This mechanism was favoured over a gate fee arrangement as it was important that there was no economic disincentive for service providers to deliver waste to the designated treatment/landfill site.

The result of the deliberations was a new model for SWM service delivery, which we have called 'micro-licensing'.

8. Legislation and institutional reform

Following the failure of the pilot project in Enugu, it was quickly realised that the institutional arrangements for waste management had to be changed if the SWM service sector was to develop. At a meeting of the major stakeholders a new strategic approach to SWM was developed and focussed on the need for institutional and financial reform in the sector, establishing a sound service delivery model and promoting public awareness.

Legislation was prepared to clarify these new institutional arrangements, provide an enabling framework for private sector participation in SWM services, and establish tariffs and fines for different types of premises. The legal process through which disputes would be resolved also had to be specified.

In relation to the overall purpose of the programme (Governance reform), it became apparent that State Government would be required to step back from day-to-day delivery of services, and focus instead on its regulatory function. In short, less but more focused government. This would inevitably demand the 'right sizing' of the staffing levels in the public sector, and involve some redundancies.

The new Law was adopted by the Enugu House of Assembly dissolving ENSEPA, and creating a new regulatory body, the Enugu Solid Waste Management Authority (ESWAMA).

Perhaps for the first time in Nigeria, the Law contained a stipulation that the executive and senior managerial posts in the Authority be competitively tendered, and given on the basis of performance-based contracts and clearly defined job descriptions. This was perceived as a major step forward and the elimination of patronage in senior staff appointments was seen as a vital step forward in getting suitably qualified personnel into key positions and a major driving force in the introduction of transparent government. Arguably, without the support of the State Governor, none of these reforms would have been possible.

In common with much of the government service sector in Nigeria, the old ENSEPA was 'people rich and activity poor'. This was manifested in a whole series of problems, some of which were:

- A large number of people drawing salaries with no real job to do.
- Under-performance of the work-force in general.
- Lack of understanding of roles and responsibilities.
- Centralised control of all decision-making and no devolution of responsibility.
- Lack of coherence in management.
- Easy opportunities for corruption and embezzlement.
- No proper monitoring or control.
- Crisis management as opposed to proper planning.

Thus, in late 2004 a new raft of senior managers was appointed to the newly established ESWAMA, including a newly created post of Managing Director, with the view to running this government department more along the lines of the private sector. The posts were advertised and candidates interviewed in a completely open and transparent process. The same process was used to appoint SWM contractors for various parts of the city.

The simple act of changing a name did not bring about the changes necessary to provide a good service. The organisation needed a workforce fit for purpose. Once the senior staff had been appointed and a new institutional structure designed, the next phase focussed on populating the new structure with appropriately qualified personnel. According to the results of work conducted within the programme, it was viewed as necessary to halve the existing staff number. Inevitably this meant redundancies.

Again, for the first time in Nigeria, this delicate issue was addressed and, with support from SLGP, ESWAMA emerged with a much reduced work-force, better qualified people in key positions and a

general feeling among those that remained that they had a role within a dynamic and respectable organisation.

Added to this, there was a clear issue concerning the ability of those that remained to carry out the new duties that lay before them. No institutional reform can be effective without a programme of re-training. This training was required not only to provide the necessary knowledge and skills, but to explain why the new system of operation was important and the logic of the changes. With this, there became a greater 'buy in' to the new infrastructure and means of operation.

Taking the lead from Enugu, a similar Law was drafted and passed in Benue. The Benue State Environmental Sanitation Authority Law was enacted in early 2005, but is still in early stages of formation with the General Manager post currently being decided upon after much interest, lobbying and deliberation.

9. Neighbourhood Environmental Committees

In Benue, a great amount of effort was placed on mobilising the support and involvement of the communities in the pilot project area. This work was carried out in recognition of the key role that communities would have to play in communicating customers' rights and responsibilities in relation to the new service arrangements.

Three Neighbourhood Environmental Committees (NECs) formed, one for each zone in the pilot project area. The NECs acted as partners in the pilot project planning and implementation stages, and worked on a purely voluntary basis. Training sessions were held with NEC representatives, during which a range of public awareness messages were developed (Figure 4).



Figure 4: Ceremony to hand-over awareness raising materials

Similar work was carried out in Enugu and during the original New Haven Pilot a strong link was formed with existing Neighbourhood Organisations, as it was felt more appropriate to work within existing structures rather than create new ones. Given the failure of the pilot project, the momentum and initiative was lost and, understandably, some degree of mistrust followed in the ability of government to deliver the service. ESWAMA has recently undertaken a programme of sensitisation through the extremely powerful church organisations and through the schools; this is proving to be a much more appropriate and effective approach.

10. Tendering and license award

Licenses were tendered and awarded following international standards of due process.

A number of companies expressed an interest in both Enugu and Benue. In Benue, an interesting finding was that even though the license-type of arrangement was clearly communicated in tender documentation, there were a number of applications from companies expecting award of a standard Government contract. Some of these companies backed out when the terms of the licence were reiterated, in particular the clauses stating that they would be responsible for collection of their own revenue.

In Benue, following tender evaluation and interview, a locally-based company, Danihopewell Services Ltd (DSL), whose core areas of business were quite diverse, from running internet cafes to site remediation and environmental consultancy, were awarded the license for the pilot project zones. Subsequent discussions with DSL revealed that they would not have bid for the license if the services were to be provided under a standard Government contract. Their desire was to become a market leader in environmental sanitation services.

In Enugu, ESWAMA operated a transparent and open tender exercise and interviewed a number of candidates for seven separate contracts throughout the City. Contractors came from all over the country and only those willing to accept the license agreement were placed on the final short-list. ESWAMA made a tour of the country to visit each contractor on the final short-list in an effort to assess first hand their capability and equipment. Only those contractors who could demonstrate their capability were awarded contracts. Several of these contractors are also operating in Abuja under more standard government contract arrangements and this provides an interesting comparison of the effectiveness of the license.

11. Launch and operation of services

11.1 Enugu

SWM services were re-launched in Enugu in January 2005. At this time ESWAMA, with support from State government, had established a series of 'sanitation courts' designed to bring defaulters to book. Several high profile cases, including banks and major industry, had already been brought to court and made to pay. At the same time ESWAMA enforced 'sanitation day'. On the last Saturday in the month, all movements in the State are prevented for two hours in the morning and people are obliged (under the Law) to clear any waste from their premises.

The ESWAMA monitoring team received some vital training on indicators and monitoring techniques for assessing the performance of the contractors and the designated landfill site was cleared and made ready for an escalation in operations. In addition, ESWAMA continued to reform its financial controls and the general public were advised against paying to unauthorised people at the doorstep.

Despite all these safe guards ESWAMA is still experiencing a number of problems, such as:

- Counterfeit invoices and demand notices still in circulation.
- Contractors' inexperience and inability to perform the required functions.
- Unwillingness of people (at all levels, including government itself) to pay for a service.
- Poor revenue tracking and monitoring.
- Poor monitoring of contractors' activities.
- Fly tipping and illegal dumping.



Figure 5: ESWAMA launch day activities

The contractors are also experiencing a number of problems, such as:

- Lack of cooperation from the public.
- Low revenue collection – there is still a perception amongst the public that the service should be provided free of charge by government.
- Periodic breakdown in government servicing the landfill site.
- Clearing illegal dumps and maintaining them waste free.
- Illegal collectors still operating in some areas.
- Boundary disputes.
- Lack of a reliable demographic database that can be used to ensure proper billing and subsequent prosecution if necessary.

11.2 Benue

The Makurdi pilot project was launched in May 2005. House-to-house waste collection services (three times per week) were gradually rolled out to customers who had signed up to the DSL customer register.

DSL have experienced great difficulty in securing payment from its customers. Despite all the work which had gone into raising awareness and mobilising people, it has become clear that communicating the new services, and gaining the acceptance of the public was a huge challenge which was going to take time to achieve.

A major rate limiting factor was that, even though the Law establishing tariffs and penalties had been enacted, the institutional arrangements for enforcement were not yet in place. DSL were (and still are) practically working in a regulatory vacuum, and therefore had no recourse to a legal mechanism to bring non paying customers to court. Recently, some cases have been brought to the Sanitation Court.

These difficulties were enhanced by the fact that Government institutions themselves were not paying for services. The zones being operated by DSL are heavily institutional in character, and these premises accounted for around half of the total predicted revenue potential. We had failed to foresee these difficulties, and in hindsight would have secured either a monthly block payment from Government to cover the costs of services, or some form of contractual agreement between the institutions themselves and DSL prior to launching the pilot project.

To provide DSL with a lifeline, SLGP agreed to pay them a sum accounting to two months unpaid revenue for services to State Government institutions, on the understanding that Government would put in place a payment system for SWM services. A block payment for the State institutions component of the tariffs is currently being put in place.

12. Current status

The past year has seen a number of changes. Due to improved monitoring ESWAMA has suspended the contracts of two of the contractors who were seriously under-performing and is currently re-advertising for new bidders. A complete enumeration exercise has been undertaken for the whole of Enugu city and the results have been made available to the contractors in order that they can improve their billing and revenue collection services. A regular series of meetings between the contractors and ESWAMA helps to define problem areas on both sides and assists in the resolution of disputes.

ESWAMA is considering revising the revenue collection arrangement, instead hiring an independent revenue collection service in an effort to drive up income, based on the model currently operating in Abuja. A new programme for the public has recently been launched, focussing on communicating rights and responsibilities.

Whilst there are still a number of problems and mistakes being made, those organisations both private and public, who are committed to delivering a good and reliable SWM service are working hard to resolve issues and overcome barriers. Gradually, Enugu is getting cleaner and years of backlogs of waste are disappearing slowly but surely. The public is beginning to get a service of sorts and the level of corruption is gradually reducing.

The system is still suffering from lack of funds and technical skills, but the belief is that there is a strong base upon which to build. Whether the micro-licensing agreement will be effective in the long-run is not yet proven and it may take some time before any serious conclusions can be reached. One thing is certain, the contractors are not fully supportive of the license, even though they have the most to gain, and are already lobbying for a change in the contractual basis of the agreement. Whether, in time and with improved revenue streams, they will have the same attitude, only time will tell.

As of December 2005, DSL were still providing services to the two Zones in Makurdi. They were, however, experiencing great frustrations relating to the slowness of action from the Government to establish the new regulatory authority, and also pay their debts for the services rendered.

Significantly, in both cases, a notably improved level of SWM service is being delivered. The sustainability of these services, and the long term viability of the micro-licensing model still remain in question, especially under circumstances where much of the public remains unwilling to pay – but as public awareness grows, and community actions are coordinated, we anticipate that people will more vociferously express their demand for services. Progress will ultimately depend on continued movement towards open and transparent government in the individual States.

13. Impact on governance and reform

The wider impact of governance reform in Enugu can be witnessed in a number of other ongoing programmes in the State. For example, the recently reformed and remodelled fire service is now in a position to respond to incidents in a more efficient manner. Similarly, the school meals programme has addressed the issue of falling enrolment in primary and secondary state schools and in time will have an impact on the Millennium Development Goals associated with education. Similarly institutional reforms of a similar kind are beginning in the water sector in Enugu and the entire civil service in the State is undergoing a review and reform process with an attempt at right sizing, appropriate job allocation, clear delineation of roles and responsibilities and the elimination of corruption, embezzlement and patronage.

In Benue, due to lower level of involvement of senior political figures in the programme, the impact of the SWM issues based project on broader governance is somewhat less tangible. The initiative has, it has to be said, been working rather from the grass-roots upwards, and hopefully, the evident movement

for change, coupled with sustained delivery of quality SWM services, will continue to capture the imagination of local political figures.

14. Lessons Learned

1. Don't be afraid of a failed pilot project, focus on capturing the experiences and fine-tuning the service delivery model, it is not failure, it's a part of a learning process;
2. Gain political support at the highest level for any initiative;
3. Address legal and institutional issues as early as possible in the process;
4. Work to build a movement for change, engage a wide range of stakeholders;
5. Understand the preferences of the customers of the SWM service; in our case it resulted in the design of a new type of service arrangement more suited to local realities and customer preferences;
6. Micro-licensing is a possible model for SWM (and other sanitation) services. We feel that it is particularly suitable for small and medium sized towns in sub-Saharan Africa and potentially beyond;
7. Be strict about following due process in tendering procedures. This is essential to attracting the interest of companies with a genuine intention to provide quality services;
8. You can never do too much public awareness and community mobilisation work, however much you do there will always be a large section of the community who have no idea what is going on....remember that old habits die hard!;
9. Focus on the bottom line.... At the end of the day sustainability comes down to money. The service areas need to be large enough to provide sufficient revenue for a sustainable service. Government can reduce the risks on the private sector by providing minimum payment guarantees.
10. Change is a slow and difficult process that cannot be rushed. Although it may seem to us that results are painfully slow, it is better to work at the pace that is acceptable to the organisation and the community rather than try to force change.
11. Reform frequently calls for some difficult decisions to be made that often affect the lives of individuals and communities. It is important to allow emergent organisations to reach their own conclusions about finding solutions to difficult problems rather than trying to impose blueprints.

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