

#1 THE ROLE OF AN ASSOCIATION OF PRIVATE SECTOR SERVICE PROVIDERS IN CAPACITY DEVELOPMENT IN LAGOS, NIGERIA.

Olugbenga O. Adebola¹

Abstract

In recent years there had been a tremendous improvement in the solid waste management industry in Lagos, Nigeria when compared with the myriad of problems facing the industry a few years ago.

The improved service delivery in the industry came as a result of the restructuring of Lagos State Waste Management Authority (LAWMA) – a government owned agency charged with the responsibility of regulating waste management in the State – and the activities of the private sector service providers (PSSPs) in the collection, transporting and disposal of solid waste.

The PSSPs, through their Association, organised a series of training programmes for the waste management practitioners, which include training for CEOs, business owners, senior managers and the operatives (supervisors, drivers and labourers).

The training programme covered topical issues including operational efficiency, the sustainable business approach, financial planning and management, sustainable service delivery, risk management, and human resource development.

This paper highlights the problems of waste management in Lagos State before the restructuring of LAWMA, the capacity development programmes for waste management practitioners and the resultant benefits of effective and improved service delivery within the waste management industry. Equally highlighted are the roles of the Government and its agency, including the role played by the Nigerian financial institutions in providing funds for capacity building in the form of acquisition of equipment and infrastructure.

1. Introduction

1.1 Lagos

Lagos State is one of the 36 states of Nigeria, though the smallest in area, it is the commercial hub of the country and by extension of the entire West African sub-region.

It has a population of about 15 million people, and it is estimated that, based on the 6% growth rate, by the year 2015 the State may be the 3rd largest mega-city in the world. The State is presently divided into 57 local government areas (municipalities).

¹ Richbol Environmental Services Ltd., P. O. Box 7225, Ikeja, Lagos.
Tel: +234-802-318-0549, +234-702-807-5893 Fax: +234-1-814-2269
E-mail: adebolagb@richbol.com or adebolagb@gmail.com

1.2 The beginnings of private sector participation

The entry of the private sector service providers (PSSPs) into the waste management industry in Lagos was the result of the irregular and erratic services of the government-owned agency responsible for waste management in the State. The nuisance caused by the uncleared waste within the communities led to the public themselves seeking for alternative waste disposal systems, and so they turned to the private sector.

In the early stages of private sector involvement in solid waste management in Lagos State, the neighbourhood structure determined the type of PSSP involved in the collection, transportation and disposal of their waste. For instance, the formal private sector operated in high-income, low population density areas, while the informal private sector, using handcarts, operated in low-income, high population density areas. This was attributed to the social stratification and wealth distribution of the society. Whilst the high-income neighbourhoods could afford to pay the higher charges of the formal private sector which used motor vehicles, the low-income neighbourhoods could only afford to pay the cart pushers.

However, with time all that has changed, as both the formal and informal private operators work in both types of area now.

In 1996/1997, government commenced a programme of recognising and formalising the private sector – especially the formal private sector – by introducing a programme known as the “Pilot Scheme Project on Private Sector Participation in Solid Waste Collection and Disposal in Somolu and Kosofe Local Government Areas of Lagos State”. The project was aimed at testing the capacities of the private sector and also testing the willingness of the public to pay for the collection, transporting and disposal of their waste, which hitherto had been a social service. The pilot scheme project, which involved 22 private companies (including the writer’s), marked the beginning of the formalisation of the private sector in waste management in Lagos. It also led to the formation of an association of practitioners called the “Waste Pilot Scheme Operators’ Group” (WAPSOG). This group has metamorphosed several times; the current name being the Association of Waste Managers of Nigeria (AWAM).

1.3 The roles of Government and the international community

Since the restructuring of Lagos State Waste Management Authority (LAWMA) in May 2005 and the transfer of the responsibility for regulating PSSPs from the Lagos State Ministry of the Environment (LMOE) to the Lagos State Waste Management Authority (LAWMA) in March 2007, there have been several capacity development programmes organised for government officials. These were aimed at preparing them for the tasks of effective policy implementation and of monitoring the private sector.

The capacity development programme that had the greatest impact was the “Lagos Municipal Services Maintenance Training Project”. The project was sponsored and funded by United State of America Trade Development Agency (USTDA).

The tasks that were completed by that project included:

- ❖ The development of an environmental infrastructure asset inventory
- ❖ Completion of a current practice review and analysis
- ❖ The development of a Maintenance Management Best Practices Model
- ❖ The development of a Maintenance Management Program for LMOE, LWC, and LAWMA

- ❖ Completion of an Environmental Impact Analysis
- ❖ Preparation and Submission of a Final Report

As part of the training programme, experts from U.S.A. trained government officials and PSSPs on the best practices and models for maintaining municipal assets and services.

2. Capacity Development Needs

Private sector involvement in the solid waste management industry in Nigeria is an emerging sub-sector of the Nigerian economy with considerable potential and many needs for capacity development.

The manner in which the private sector became involved in solid waste management in Lagos did not give room for a thorough screening of the PSSPs, until recently when the stakes were raised. Only very few professionals were involved at the beginning, however many investors have over time learnt on-the-job and have thereby achieved good operational standards.

The following are the capacity development needs of the PSSPs in the solid waste management industry in Lagos, Nigeria;

- a) **Regular training:** The owners and managers of participating companies require regular training on the latest methodologies of waste management, most especially in relation to internationally acceptable best practices in planning, monitoring, cost recovery, effective and efficient collection, transportation, recycling and treatment, and disposal².
- b) **Exposure:** There is a need for the practitioners to be exposed to these best practices and models through orientation visits³ to the developed and more experienced countries for practical and technical exchange.
- c) **Technical training:** There is a need for the training of the technical staff, especially the engineers and mechanics that handle the repairs of sophisticated equipment.
- d) **Access to long-term loans:** This is also a very vital capacity development need of most operators. The importance of access to long-term loans with single digit interest rates cannot be overstated. Unfortunately such loans are not available in Nigeria as most banks provide only short-term loans at very high interest rates. More affordable loans would enable the operators to purchase the modern equipment required for efficient operations.
- e) **Infrastructural development:** The need for the establishment of improved waste management infrastructure, including landfills, transfer stations and recycling centres, cannot be ignored.
- f) **Contractual agreement:** The government should offer equitable contractual agreements that reduce the risks carried by companies that are required to make huge investments.

It should be noted that items (a), (b), and (c) listed above are being met by the Association that is described in this paper, as training programmes have been organised, and plans for

2 Some private sector operators are involved in the management of government-owned dumpsites, while others are involved in recovery and recycling activities.

3 Orientation visits will expose operators to better waste management practices both in the industrialised countries and in low- or middle-income countries. Operators wish to see best models and practices, because they believe this would make a significant difference to their own approaches.

orientation visits and study tours are being prepared. Discussions are also on-going with government for items (e) and (f). The Association is also discussing with financial institutions and government for the realisation of item (d).

3. The private sector's Association

3.1 The origins of the Association

As stated earlier, the Association was formed when the private sector was introduced on a pilot scale in 1997. The main motivations for forming the Association were to have a common front in discussing with government and also to share ideas amongst operators. No outside body was involved in its formation; it was born out of the collective decision of some more experienced operators.

Because of various external factors, including disagreements with the authorities, institutional and policy changes, and other factors, the Association has changed its nature and name several times. These changes were also influenced by changes in the ministry that was responsible for solid waste management.

3.2 Membership and organisation

The initial membership of the Association was 22 operators; now there are about 250 members. Membership is voluntary, operators being at liberty to join or not to join, but because of the protection that operators enjoy as members, every operator wants to identify with the Association. It is expected that every PSSP in waste management industry must be a member.

The Association is headed by the Executive Council (EXCO), which functions through several committees. One of these committees is the professional and training committee. There are paid employees of the Association at the secretariat offices, and other staff are employed to complement the activities of government officials at the various dumpsites⁴.

3.3 Financial basis

Members are obligated to pay a registration fee at the time of joining the Association, and monthly dues. Occasional levies are imposed by the EXCO when the need arises.

Just like any other voluntary Association, there are some members who are not up-to-date with their financial contributions. The main sanction employed by the EXCO to encourage payment is that the Association will only support or defend members – whenever they have problems with the regulatory authorities – if they have paid their registration fees. Since the need for such support arises frequently⁵, this is an effective inducement. A further sanction is that only those members who have paid at least some of their fees and dues can enjoy any benefit from the Association, including voting and standing for election.

4 The Association's employees at the dumpsites keep records of the member's trucks that visit the dumpsites each day. This is necessary since operators are paid by the numbers of trips they make or the quantity of waste they deposit at the dumpsites. Before these record keepers were introduced to the sites, there were often arguments between government staff and the operators over the quantities deposited.

5 There are several common disagreements between operators and the regulators, including disagreements over the volume or tonnage of waste deposited at the dumpsite, cases of short- or underpayment for services rendered, and unwarranted punishment of operators on the basis of unsubstantiated allegations

3.4 Conflict resolution

Whenever there is any conflict between members, either caused by competition or by encroaching onto the area of another operator, the Association has a committee called the “Reconciliation Committee”. This committee settles all conflicts amongst members on one hand and reconciles members with government agencies on the other hand. Decisions made by this committee are binding.

4. Training provided by the Association

4.1 The courses

The professional and training committee of the Association worked with a consulting firm in collaboration with LAWMA to organise a training programme for the chief executive officers (CEOs) or senior managers of over 200 companies. This was a 3-day intensive residential training course conducted in comfortable surroundings. Among the participants were senior personnel from the Lagos State Ministry of the Environment, the Lagos State Waste Management Authority (LAWMA) and some of the financial institutions in Nigeria.

Topics such as how to deliver effective services and how to relate to customers were thoroughly discussed. Other subjects covered included operational efficiency, the sustainable business approach, financial planning and management, sustainable service delivery, risk management, and human resources development.

Another training event, lasting one day and called the “train-the-trainer workshop”⁶ was organised by the committee for over 600 operatives, including the supervisors, drivers and labourers (waste handlers). The operatives were also trained on how to protect health and safety, improve customer service, improve behaviour towards each other, and also to believe in the dignity of their labour. Various experts, consultants and motivational speakers – including high-ranking government officials – were used as resource persons.

4.2 Assessing the impact of the training programme

The major impacts of the training programme on the industry were:

- a) The training changed the perception of the investors regarding the industry. Before the training programme the investors kept tight control on the level of their investment in the industry. The degree of personal involvement of investors varies – some of the investors live abroad.
- b) The training resulted in an increase in the volume of investment in the industry, with companies investing heavily in compactor trucks⁷ to replace the commonly used open tipping trucks.

⁶ Each company involved in waste management has an average of 20 to 25 operatives, each truck having a driver, a supervisor, 3 labourers making a total of 5 operatives on each truck. Each company has at least 5 operational trucks. In addition there is the manager and other staff). The idea therefore is to train four operatives from each company, so that they will in turn re-train others in their companies, hence the name “train-the-trainers”. Over 200 companies participated.

⁷ Unfortunately, the government (the regulator) has initiated what is claimed to be a reform – it requires operators use modern equipment for waste collection in Lagos. Operators were told to use compactor trucks or else they would be excluded. The major problem that will be faced in the immediate future is the lack of the technical know-how for maintenance of the compactor trucks.

- c) The increased investment on more specialised equipment resulted in improved service delivery in Lagos State.
- d) The training programme introduced⁸ the emerging waste management industry to the Nigerian financial institutions, leading to increased confidence of the financial sector in the industry.
- e) The improved confidence of the financial sector in private sector waste management companies resulted in the provision of funds to the industry for capacity building in the area of equipment and infrastructure acquisition.
- f) Government perception towards the private sector also changed, as officials began to see the capacity and strengths of the private sector. (The government agency LAWMA was so impressed that it promised to co-sponsor the next training programme).

4.3 Lessons learned

- a) Outsiders realised that waste management is a multi-million dollar industry waiting to be explored.
- b) Most members of the Association are only involved in the collection of waste and its disposal at a dumpsite, however the training programme exposed them to other components of waste management, including resource recovery, recycling and treatment which were being done only by the informal sector in Lagos State. Some of the operators knew about these activities, but they did not think that they could generate significant income. (It should be noted that so far only about 2% of the operators are involved in recycling activities – the writer being one of them.)
- c) Owners and managers learned how to manage risk and how to safeguard their own well-being (especially high blood pressure when things are not going as expected!).
- d) The banks learned that there is a need to provide loans to the private sector to enable better services⁹.
- e) The government side learned that the operators require equitable contractual agreements to protect their huge investments¹⁰.
- f) The operatives learned how to have better relationships with their clients and also the importance of meeting expectations and providing tailor-made services.
- g) The investors were motivated to replace the dilapidated and unfit vehicles that they had been using for waste collection.

There were many other lessons learned; however, they can all be summarised by the statement that a new approach for improving private sector waste management services was developed, while other sectors of the economy became aware of the vibrant waste

8 Before the training programme, no financial institution in Nigeria saw the waste management industry as a sector to invest in. They also would not grant any loans to the industry, because they believed that the industry was not viable enough. However, after the training programme – which also served as an advocacy programme – the financial institutions began to grant loans to the operators – especially for the purchase of compactor trucks, which are very expensive. Other investors, both within the country and abroad, began to pay more attention to the industry, leading to an abundance of capital investment into the industry.

9 This can be achieved through government intervention; we have had cases of government developmental agencies/Banks like Urban Development Bank given out such loan facilities.

10 Contracts for waste collection and transport should be valid for not less than five years to protect the huge investment involved.

management industry. In other words, the results of the training were both advocacy and capacity development.

5. Other outputs of the Association

The Association is also involved in several other activities to enhance and popularise sustainable waste and environmental management in Nigeria. These include

- a) The organisation of the First National Waste Management & Environmental Conference, in September, 2008, in collaboration with the Federal Ministry of the Environment, Housing & Urban Development. Papers were presented by well-known national figures. A high point of the event was the presentation of Environmental Leadership Awards to notable Nigerians. Apart from popularising effective waste management in the country, the awards were intended to create a good rapport between the Association and prominent leaders in Nigeria.
- b) The Association has also been popularising private sector participation for effective and sustainable waste management in other states of the country, by advocacy, consultancies and the preparation of proposals.

6. Current challenges

6.1 Relationship with Government

One of the greatest challenges that the Association faces is how to maintain a sustainable and cordial relationship with the government despite several grey areas and policies that are not in the best interest of the PSSPs.

The many changes of the names of the Association were the result of disagreements and conflicts between the Association and the Government. In most cases, after a serious disagreement or conflict, the government officials would stop dealing with that Association or its representatives, until new officials were elected and a new name for the Association was adopted by the PSSPs.

The major causes of the disagreement and conflicts were:

- a) When the Association made recommendations for waste management services, this was sometimes seen by the government officials as unwelcome pressure.
- b) The PSSPs saw themselves as a major stakeholder, whereas the government still retained the concept of a “master – servant” relationship.
- c) Government sometimes formulated policies¹¹ without the input and contributions of the private sector.
- d) The private sector is concerned to maximise its profit, while the government may not agree with this objective.

However, recently there has been a tremendous improvement in the relationship between the Association and the Government, especially after the formation of the Association of Waste

¹¹ One of the areas of disagreement, for instance, is the government’s policy requiring that waste collection in Lagos State should be done using only compactor trucks. The operators feel that this requirement is not necessary because it is not cost-effective, because these trucks cannot access all the operational areas, and because they are too sophisticated and the technical know-how for the handling and maintaining these trucks is not available. Unfortunately the government remained adamant.

Managers of Nigeria (AWAM). The head of the new regulatory agency has encouraged the activities of the Association, perhaps as a result of the new orientation amongst government officials that PSSPs are important stakeholders in the industry.

6.2 Financial challenges

The PSSPs are facing the problem of raising long-term loans at affordable interest rates

The challenges of sustained capacity development are overwhelming as there are not enough funds for this.

Finally, the continuous increase in the cost of petroleum products globally has eaten up the profitability; the cost of fuel has gone up by over 500%¹² without an increment in income.

7. Conclusions

In view of the size and growth rate of Lagos State there is an urgent need for the PSSPs that provide solid waste management services to upgrade their operational activities through capacity development – involving ongoing training of the management staff and the operatives – to meet the demands of continuing growth and higher standards.

The capacity development programme of the Association of Waste Managers of Nigeria has proved to be an effective tool that resulted in improved solid waste management in Lagos, Nigeria. Not only has it enabled the PSSPs to work more efficiently, but it has also raised the status of private sector waste management in the eyes of government and lending agencies.

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¹² When the writer’s contract was awarded in 2004, the price of a litre of diesel was only 30 Naira, but at the time of writing (2008) the price is as much as 170 Naira