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Privatization of solid waste collection services: Lessons from Gaborone



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ABSTRACT

Formal privatization of solid waste collection activities has often been flagged as a suitable intervention for some of the challenges of solid waste management experienced by developing countries. Proponents of outsourcing collection to the private sector argue that in contrast to the public sector, it is more effective and efficient in delivering services. This essay is a comparative case study of efficiency and effectiveness attributes between the public and the formal private sector, in relation to the collection of commercial waste in Gaborone. The paper is based on analysis of secondary data and key informant interviews. It was found that while, the private sector performed comparatively well in most of the chosen indicators of efficiency and effectiveness, the public sector also had areas where it had a competitive advantage. For instance, the private sector used the collection crew more efficiently, while the public sector was found to have a more reliable workforce. The study recommends that, while formal private sector participation in waste collection has some positive effects in terms of quality of service rendered, in most developing countries, it has to be enhanced by building sufficient capacity within the public sector on information about services contracted out and evaluation of performance criteria within the contracting process.

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1. Introduction

Solid waste management absorbs a large proportion of the municipal budgets while collection and disposal remain inadequate (UNCHS, 1994; GARNET, 2000). In response to these challenges some municipalities often privatize waste collection services. Privatization of waste collection takes many forms including outsourcing of waste collection services to formal private companies (Coad, 2005; Fahmi, 2005; Kassim and Ali, 2006). Proponents of privatization argue that in contrast to the public sector, private sector improves efficiency and lowers costs by introducing commercial principles (see Coad, 2005; Kassim and Ali, 2006).

However, Dorvil (2007) identifies some of the constraints in privatizing waste management services as lack of sufficient information about services contracted and inadequate regulatory framework that often results in inefficiency. Similarly, Anderson (2011) argues that rather than creating greater cost control, privatization of waste management services considerably diminishes the ability of governments to control costs as privatization leads to monopolistic markets and contractors dictate prices. Furthermore, Oduro-Kwarteng and van Dijk (2008) found that not all private

companies operate efficiently in waste collection, but rather those with less than 15 vehicles performed better in terms of vehicle productivity and utilization. Oduro-Kwarteng and van Dijk (2013) further found that the major challenges of local authorities that contracted out waste collection services were weaknesses in implementation of formal contracts, ineffective monitoring of performance of contractors, inability to define the scope of contracts and setting of performance targets. Likewise, Ahmed and Ali (2006) found that privatization alone may not necessary provide a solution to waste management challenges of developing countries and advocates for a tripartite arrangement that involves public sector, private sector and the people. It therefore appears that there is a disparity of views with regard to the benefits of privatization of waste management services. Despite this incongruence of views, local authorities and commercial waste generators in Botswana have been continually outsourcing waste collection activities to formal private companies. This essay evaluates and compares commercial waste collection services between the public and private sector in Gaborone with respect to efficiency and effectiveness. In the context of the study, efficiency refers to the use of resources and management of processes to optimize outcomes, while effectiveness indicates the level of performance on the desired outcomes (see Mandl et al., 2008; Crawford and Bryce, 2003). Indicators for measuring efficiency and effectiveness are presented in the methodology section.

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1.1. Background to the study

Waste management services in Gaborone have traditionally been characterized by unreliable collection and inadequate disposal emanating from limited resources at the disposal of waste management authorities (Kgathi and Bolaane, 2001; Bolaane, 2004). By and large, this motivated the concerned authorities to consider possible engagement of the private sector. The first outsourcing project involved Gaborone City Council sub-contracting waste collection services to Daisy Loo (PTY) LTD, a company that has been involved in collection of waste and provision of portable toilets on a hire basis, as a pilot project on a 3 year contract (Wutungwa and Ngome, 1998). In addition to waste collection, the pilot project had a public awareness component. The evaluation of the project indicated that 72% of commercial waste generators rated the collection service as satisfactory compared to 67.8% of households. Furthermore, 38.3% of commercial waste generators indicated that the service had improved in contrast to 52.7% of households (Wutungwa and Ngome, 1998). Despite the relatively high rating of the level of service, the pilot project was discontinued at the end of contract period, with some authorities at Gaborone City Council attributing the discontinuation of private waste collection to political interference in that the contractor was associated with the ruling party, while the political leadership of the City Council were from an opposition party (Bolaane, 2004).

In early 2000, Gaborone City Council initiated a process of privatizing household and commercial waste collection activities in five service areas of Old Naledi, Bontleng, White City, Gaborone West Phase 1 and Tsholofelo (see Fig. 1). The primary consideration in evaluating the tenders was cost and ability to source the required collection equipment. Following tender evaluation, the service contracts were awarded to Serekwa (PTY) LTD, Cleaning Wizards (PTY) LTD, Base Agencies (PTY) LTD, Frenic (PTY) LTD and Daisy Loo (PTY) LTD respectively. The actual collection service commenced in December 2003. The time lag of three

years included time for drawing terms of reference, preparation of bid documents, tender advertising, tender evaluation, adjudication and award and mobilization of resources by successful bidders. Furthermore, the local council is not financial autonomous and had to wait for financial disbursements from the central government. However, the contract for service provision for Tsholofelo area was terminated after two years following a dispute over payment and the scope of work. There were allegations of corruption in the award of the contract, which were later disproved in a court. The service contracts for each of the other four service providers were extended by a period of one year on expiry since the council was not ready to take the collection as a result of insufficient waste collection fleet, personnel and finances. However, the contract extensions were not subjected to re-tendering, but contractors had to provide a lump sum price for a daily collection trip to the Gamodubu Regional Landfill, 35 km from the city. The average quoted price was P7000.00 (USD734.00) per trip. The prices were based on number of trips because of the paucity of information on quantities to be collected and limited experience by council and contractors in using that measure. The quoted price was deemed too high by the City Council and in excess of the council's waste collection budget. As result, the collection contracts were brought to an end after the one year extension period and because of budgetary constraints to support privatization costs, the collection services reverted back to the City Council.

A number of issues could be discerned from the privatization initiative. First, the three year time lapse between initiating the privatization process and its actual implementation could indicate lack of experience by the council in executing such ventures. Secondly, the council had difficulty in defining the scope, which led to a dispute between council and one service provider. Third, the service contract did not have set criterion for evaluating performance, leading to an extension of contracts for the four service providers without any assessment of efficiency and effectiveness of outsourcing of waste collection services. Lastly, the extended contracts proved unaffordable to the council, further indicating that the scope and budget for service were ill defined at the time of the extension. It is possible that the contractors took advantage of the non-competitive extension of contracts to collude and hike prices.

Post the privatization efforts, the challenge of waste collection in the city persisted and was widely reported in the media under headlines such as: "Gaborone City Council fails to collect garbage" Mmegi (2010); "Gaborone suffocates under garbage" Botswana Daily News (2013). The central message in the newspaper articles was that poor waste collection was reaching crisis levels due to inadequate capacity by the local authority to effectively provide the service. As a result, most waste generators were resorting to dumping waste in alleyways and open spaces.

In June 2012, the Mayor of Gaborone announced another waste collection privatization initiative. At the time the council was reported to be having a rubbish collection backlog dating back to December 2011 (Mmegi, 2012). However, the envisaged privatization efforts were deferred, and have still not been implemented by February 2013, primarily because the received tender prices were beyond the council's waste collection budget (Botswana Daily News, 2013). Despite the setback, the City Council was still committed to privatization. The commitment persisted despite past privatization efforts having not been objectively evaluated.

2. Methodology

The study is based on both documentary and field research. It compares the efficiency and effectiveness of the public and private sector in the collection of commercial waste in selected areas of

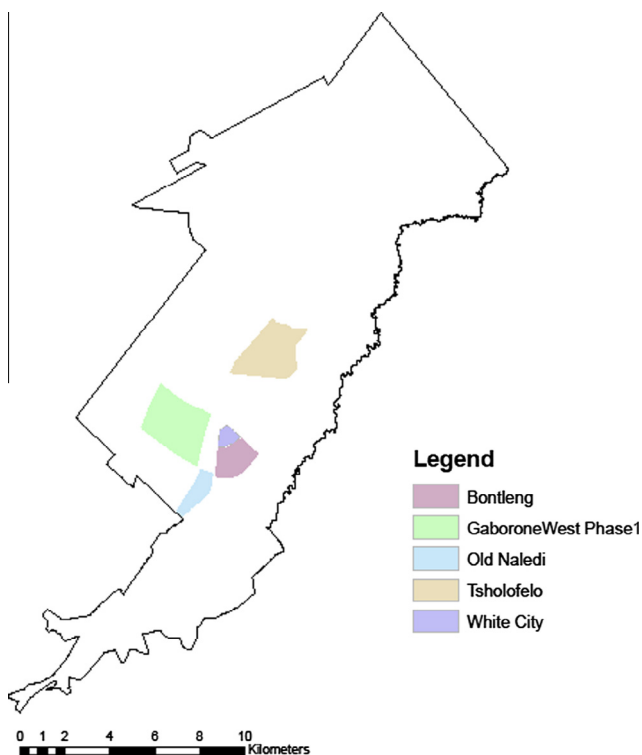


Fig. 1. Map of Gaborone showing contracted areas.

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