



IPLA Forum of the Private Sector

23 February 2012, Nagoya, Japan

Meeting Summary

I. Introduction

1. The United Nations Centre for Regional Development (UNCRD) and the Asian Institute of Technology (AIT) co-organized the IPLA Forum of the Private Sector on 23 February 2012 in Nagoya, Japan, with the financial support of the UNCRD Cooperation Association. The Forum was attended by thirty-four participants, including twenty-two representatives from the private sector in waste-related businesses such as general and industrial waste processing, recycling (e.g., materials, electric equipment, and e-waste), construction of facilities and maintenance, waste-to-energy production, consulting, among others. The meeting was also attended by observers, including local government officials. The meeting was chaired by Prof. Masaru Tanaka, Tottori University of Environmental Studies, and facilitated by C.R.C. Mohanty, Environment Programme Expert/Coordinator of UNCRD.
2. IPLA – the International Partnership for Expanding Waste Management Services of Local Authorities – was officially launched during the nineteenth session of the United Nations Commission on Sustainable Development (CSD) held in New York in May 2011 with the mission of addressing the various needs of local authorities (LAs) in achieving sustainable waste management. Currently, IPLA has more than 140 registered members and partners from fifty countries comprising cities/municipalities, governments, the private sector, NGOs, donor agencies, international organizations, among others.
3. The objective of the meeting was to raise awareness of IPLA among the private sector and to discuss private sector involvement and issues related to public-and-private partnership (PPP). Topics of discussion included the following.
 - (1) What are the enabling conditions for private sector involvement and investment?
 - (2) What type of information and knowledge could the private sector disseminate through IPLA for the interest of LAs/ municipalities?
 - (3) How should the IPLA framework (i.e., the web portal) function be used keeping in mind the best interest of both LAs/municipalities and the private sector?

II. Opening

4. Delivering the opening remarks, Ms. Chikako Takase, Director of UNCRD, highlighted the critical waste management challenges being faced by the developing cities and municipalities. She urged the scaling up of PPP arrangements which could combine the advantages of the private sector with social concerns and responsibility of the public sector. Partnerships provide win-win solutions both for public utilities and the private sector; for example, they can lead to savings in municipal budgets where waste management usually accounts for a large portion, while providing opportunities to the private sector for converting waste into environmentally friendly products and energy that could also serve as income-generating opportunities. Towards this end, IPLA aims to serve as a dynamic interface between LAs and the private sector, and to create conducive investment climate for expanding waste management services of local and municipal authorities.

III. Presentation

5. UNCRD and Prof. C. Viswanathan of AIT, the Global Secretariat of IPLA, presented the overview of IPLA and addressed the need of PPP highlighting the following:
 - Accompanying growing urbanization, many developing cities are facing challenges related to waste management due to lack of technical, institutional, and financial capacities in dealing with rising volume, and the complexity and diversification of waste streams. New and emerging waste streams such as e-waste, hazardous waste, and chemicals, have further compounded these challenges.
 - Given the finite resources, considerable efforts should be put at all levels of the economy to move from a one-way economy to a more resource-efficient and close-loop economy through complete utilization of wastes as resources.
 - The waste market is expected to grow globally, and the private sector could play an instrumental role in collaborating with the public sector in providing a range of services such as consulting, bin & container suppliers, collection services, automotive suppliers, transportation services, equipment suppliers, operating treatment & recycling units, incineration (WtE) facilities, landfills (WtE), and advanced facilities such as eco-town and eco-industrial zones.
 - At the same time, PPP provides an opportunity for the private sector to make an investment and build good corporate image by contributing to public needs and services.
 - IPLA aims to promote a win-win strategy for both the public and private sectors in tackling growing waste management issues.
 - IPLA ultimately aims to help LAs move towards a zero waste society in which wastes are considered and utilized as valuable resources.

IV. Summary of Discussions and Recommendations

6. Enabling conditions for private sector involvement and investment

- There are a number of hurdles for the private sector in investing and partnering with LAs, such as unavailability of accurate and credible information (e.g., definition of waste, permission criteria, and regulations), difficult to access key decision makers, language barrier, uncertainty about profitability and capital recovery due to lack of a stable market and difference of market rate, competition from the local private sector, difficulty in understanding the local decision-making process, difference in culture and consciousness about waste, political, financial, and legal risks, among others. These hurdles tend to discourage small- and medium-sized companies from making an investment in developing cities overseas. The private sector needs to clearly grasp the local needs and situation in order to formulate a feasible investment plan.
- In many developing countries, it is often the case that environmental and safety standards set by the government are not properly met and practiced. While the level of compliance needs to be improved, the private sector is often unable to bear an extra cost for covering these gaps and conducting proper operations.
- LAs in Asia, for instance, are interested in privatizing public services such as water and waste. Many LAs need a partnership with the private sector at various stages of waste management (e.g., collection, transportation, processing, recycling, and disposal). What they need is not necessarily a one-time business such as selling and installing advanced and core technologies or facilities, but rather more holistic and long-term services, including maintenance and operation, which are adaptable to local conditions. Also, soft aspects such as capacity building for local companies and integration of the informal sector need to be taken into consideration. There are various stages of waste management where the private sector can find business opportunities with proper involvement of the informal sector.
- It is important for the private sector to recognize that: (a) local conditions and practices differ from one country to another; (b) recycling is a social system; and (c) it is necessary to foster a shared responsibility and generate a win-win outcome for all stakeholders.
- There is always a concern from the private sector about whether it is possible to make and sustain profits from waste-processing businesses in developing countries. Experiences from the private sector show that in some cases making profits from general waste may be difficult because of the low unit cost. PPP may not be the only feasible framework. Alternatively, one of the possible long-term strategies could be to seek approval and obtain the necessary license,

especially in the context of managing industrial and hazardous waste.

- Partnering with a local company could be a key for foreign companies to overcome some of the local complexities because the perception and approach for waste and waste management are different from one country to another.
- Processing of specific wastes in countries where required technologies and facilities are available could be a possible area of international cooperation and business collaboration.

7. Expectations of the private sector from the IPLA network

- The private sector recognizes that the following basic information about LAs could be helpful in developing business/investment strategies:
 - Contact person and address
 - Decision-making structure and mechanism
 - Policies at the local and national levels
 - Priorities/needs of LAs
 - Information on local partner companies (e.g., past experiences)
 - Financial and cost information (e.g., waste collection/processing cost per ton, market rate, and average unit price)
 - Performance and experiences (e.g., PPP, partnership with foreign companies)
 - Comments from partners of a previously implemented project
 - Detailed case studies (e.g., place and cost)
 - Tender information
 - Evidence of figures (e.g., year and source)
- There is a need to link IPLA with other relevant initiatives. For instance, in the case of Japan, the Ministry of the Environment of Japan, has established a forum for Japanese waste and recycling-related industries to explore business and investment opportunities overseas. In this connection, the Ministry has supported a number of feasibility studies in several countries of Asia. The Japan Environment Sanitation Center (JESC) organizes the 3R Conference for Asian Local Governments on a regular basis with the objective of promoting information exchange concerning waste and 3Rs in Asia, including information on possible areas the developing cities are seeking international collaboration and partnerships. These information, data, and websites of these initiatives could be strategically linked to the IPLA web-portal/platform.
- IPLA could aim to provide information which is not available through others. Compiling information by regions (e.g., Asia, Africa, and Latin America) may be useful.
- It could be useful to organize an IPLA Forum with the private sector in other

countries, including developing countries. It will be an opportunity for international/foreign companies to have the necessary dialogue with local companies for exploring possible collaboration.

8. Limitations of IPLA

- IPLA is a dynamic knowledge platform and a decentralized network which aims to foster various types of partnerships in the interest of LAs, including PPP. Membership is open to all interested parties and does not require any fee. IPLA is a decentralized operation in the sense that multiple organizations as well as its individual members themselves could carry out activities independently in line with the objectives of IPLA. IPLA's success lies with the active participation of its members and stakeholders.
- Currently, private sector participation in IPLA is around 19 per cent in comparison to LAs (25 per cent). The current private sector members are largely from Latin America. Participation of the private sector from Asia needs to be strengthened.
- IPLA is not designed to go beyond its objective of providing a platform for negotiation, and thus cannot address commercial interests nor ensure success. For example, IPLA cannot certify or rank companies. The private sector is required to conduct an assessment and make a judgment themselves using the information made available or mutually shared among various stakeholders through IPLA.

9. IPLA Web Portal

- The web portal of IPLA, currently under development with the support of Infrastructure Leasing & Financial Services Limited (IL&FS)-India, will serve as a dynamic platform for information sharing and networking among IPLA members. It is expected to have multiple functions such as profiling, search engine, support for multiple languages, among others. Information can be posted directly by registered IPLA members.
- The web portal can be a tool for the private sector to share their strengths and expertise, and express their interests. The profile of each private sector member should be created and shared through the web portal. Information such as experiences in PPP could be very useful for LAs.
- Information on the web portal needs to be reviewed, assessed, filtered, and controlled in order to avoid any false information and misuse by its users. Timely information update is also important. The Global, Regional, and Sub-Regional Secretariats of IPLA could provide necessary support in this

regard.

V. Follow-up

10. IPLA Secretariats request further comments from the private sector concerning the information to be included in the LA profile (See Annex 1).
11. IPLA Secretariats request further comments from the private sector and other participants for comments to be included in the Private Sector profile (See Annex 2).
12. With the support of the Ministry of Environment-Government of Korea and Korean Society for Waste Management (KSWM), the IPLA Global Forum on Zero Waste will be organized around 4-5 September 2012, in Seoul, Republic of Korea with the participation of IPLA members. Representatives of the private sector from both developed and developing countries are encouraged to register with IPLA and participate in the Forum to build international cooperation for moving towards a zero waste society and economy.
13. IPLA Secretariats will continue to work towards enhancing dialogue with LAs through various channels and provide opportunities for building partnerships to expand waste management services to local and urban communities.

Annexes

1. Draft LA Profile Format
2. Draft Private Sector Profile Format
3. List of Participants