

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO).



Supporting Recycling Sector Transformation in Ethiopia

An Addis based company that supplies paper pulp to local packaging and paper manufacturing industries seeks to expand its operations to improve the recovery of paper from household and industrial waste.

The company produces paper pulp from collected waste which it sorts prior to converting to pulp. It currently has capacity to handle up to 16 tons of waste a day (but has been handling between five and eight tons a day due to the pandemic). The company employs 52 full time staff who are mainly women and youth from lower income groups.

Whilst **70%** of waste in Ethiopia is formally collected, less than **10%** is recycled. The remaining waste is burned, randomly dumped in water bodies, or left floating across city.

Through a partnership with a pan-African cement manufacturing multinational, the company plans to establish a waste sorting station and purchase a Refuse Derived Fuel (RDF) compression equipment for non-recyclable waste.

The facility will be the first of its kind in Ethiopia and the pan-African cement company has committed to finance **50%** of the capital expenditure, while the company has engaged a private equity fund to potentially raise capital for the other **50%**.

The company will be the off taker for the paper waste and the cement manufacturing company will take up the Refuse Derived Fuel (RDF). Other recyclables from the sorting station will be sold locally to other actors in the recycling sector or to manufacturers.



16MTS

of paper waste
handled a day

THE CHALLENGE

The company solicited Manufacturing Africa's support to address the shortage of data on waste composition which has been a key blockage in deal structuring discussions.

Given the current cash flow difficulties facing the business due to the Covid 19 situation, the company is limited in the speed with which it can get the project going. The cement manufacturing company is committed to progress and needs to understand the composition of the municipal waste streams to fully attain commercial requirements to get the project operational by the end of 2021.

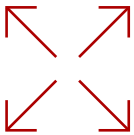
OUR SUPPORT

MA conducted a supply study, assessing the composition of waste collected from residential and commercial sources at different locations across Addis Ababa as it currently arrives at the waste dumping site. The study was conducted in partnership with the paper company and with the company providing the required infrastructure and labor for sorting.

IMPACT

MA's market supply study will contribute to sector transformation as it will be availed to other interested parties (and upstream parties) to help promote circularity principles across the economy.

Once completed, the project is expected to enable the paper company to:



Expand its revenue streams from handling wastepaper to include all basic recyclables and RDF (refuse derived fuel).



Employ an additional 200 staff



Improve the quality of the recycled items produced at the facility

Furthermore, the project will have **diverse positive impact on the environment** with key results being as follows:



Reduced deforestation and pressure on environmental resources through less need for raw materials due to recovery of previously used and discarded material.



Less pressure on environmental resources through reduced quantity of material disposed of in fires and unregulated disposal points. Reduced probability of harmful material leaching from landfills and less waste disposed of in landfills.



Due to the association of discarded material and waste with a financial value as input into the sorting and processing facilities, the habit of discarding waste outside of designated collection points is expected to decrease. Waste littering in urban and rural areas is also expected to decrease, since waste collection can become a livelihood activity hardly requiring any investment or qualification and therefore well suited for vulnerable populations.

Furthermore, due to the company's principle of mainly employing women and youth, expansion of the company's activities has additional positive impact on those groups' economic empowerment.

LESSONS LEARNED

Leveraging key learnings and outputs from other donor programs is key. The team coordinated with GIZ who was working in a similar space, therefore avoided an overlap and organized research to generate additional insights from combining datasets.

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

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