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Olga Vysokova, Chief Bank Centre-Invest in Case

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Financing projects through carbon credits

Social benefits of carbon credits

Bangladesh has several small-scale organic waste recycling projects initiated by Waste Concern. WWR Bio Fertilizer Bangladesh Ltd is the first one on a larger scale. It is also the first worldwide organic waste recycling project to earn carbon credits. The project was approved last year and we expect the plant to be up and running at the end of May or in early June. The recycling area is in Bulta, a village 25 kilometers south of the capital Dhaka. Its initial capacity will be up to 130 tonnes of recycled waste a day. Ultimately, we will recycle 700 tonnes of waste every day, which is around 80 percent of all the organic waste Dhaka produces daily.

The recycling plant is in Bulta, a peri-urban area 25 kilometers south of the capital Dhaka. Its initial capacity will be to recycle 130 tonnes of organic waste per day. Ultimately in the next two years, we will daily recycle 700 tonnes of waste that Dhaka produces. In Dhaka, 3,500 tonnes of waste is generated per day of which 80 percent is organic and city authority can collect only 50 percent of this waste.

We designed an innovative model for waste recycling. We collect the waste

free of charge from the markets, using our own transportation network. The recycling plant also belongs to the company. We make a profit by producing fertilizer from the waste that we sell to farmers. In this way, the waste is no longer left behind in landfills where it causes the emission of methane and water pollution. Because our project leads to a reduction of the greenhouse gas methane, we receive carbon credit rights. At the same time we provide a solution for the increasing amount of waste in the city. Like other developing countries, Bangladesh is becoming more and more urban. The World Bank predicted that in 2025 we will generate 47,000 tonnes of waste daily. Our model is capable of reducing the bulk of this waste.

“All social benefits in our project were made possible by carbon credit rights.”

We also provide for around 400 jobs in the country. We need people to collect the waste and work at the recycling facility. We have deliberately not fully mechanized the process so we can employ more people. We pay them a good salary and provide them with health insurance and meals. Farmers benefit because they can buy our environmentally-friendly compost which is much cheaper than chemical fertilizers. It also leads to higher production. Finally, we help the municipality to reduce their budget for waste disposal.

The most difficult aspect of this project was to get the concession from the

municipality. It took us about a year. One of the difficulties was the lack of proper regulation for waste management. We also had to make politicians understand that this project would be a win-win situation for everybody.

All social benefits in our project were made possible by the carbon credit rights. They account for about 30 percent of our revenues. The remaining part comes from selling compost fertilizer to farmers.

I am quite certain that the carbon credits will keep their value, even after the Kyoto period which ends in 2012. At the last climate summit in Bali, it was decided that the Kyoto protocol will continue. We already see people purchasing carbon credit rights beyond 2012. However, the discussion about the extent of the reduction of emissions continues. And the outcome will influence the price of the credits.

Once our model has proven itself, I expect we will be able to export it to other developing countries. Our project is different from recycling projects in Brazil and India where improvements have mainly been found in reducing the consumption of energy. But that does not benefit the poor in a country. We are trying to show the world how carbon credit rights can be good for the environment and benefit the poor.

Itekhhar Enayetullah, Co-Founder and Director, Waste Concern

