



Lessons learnt from the national and province  
level financing strategy case-studies in the  
municipal solid waste management sector

Alexander Martusevich

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Structure of the presentation



- Objective and scope of the publication
- Structure of the publication
- MSW sector in EECCA: a global picture
- Status of the MSW sector in EECCA
- Why financing strategies (FS)
- FS methodology applying FEASIBLE tool
- FS case-studies
- Key lessons learnt
- Next steps

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## Objective and scope of the publication



The objective is to synthesise and disseminate the lessons learned from the FS case-studies on MSW, implemented so far in EECCA countries as well as in some EU accession and candidate countries.

The publication also reflects on the FS methodology and FEASIBLE computer tool which have been continuously developed, assessing their present status and identifying possible areas for development and improvements.

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## Structure of the publication



- Executive summary with major findings and recommendations
- Status of the sector (key drivers and recent trends, benefits from sound waste management, institutional set-up, status of services and of the infrastructure, key problems and challenges)
- Why Financing strategies and FEASIBLE tool?
- Financing Strategy applying FEASIBLE computer-based tool- concept and key steps
- FS case-studies for MSW sector implemented so far
- Lessons learnt from the FS case-studies and policy recommendations
- Developing FS methodology and improving FEASIBLE tool

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## M SW sector in EECCA : a global picture



- Drivers and trends
  - Production & Technologies
  - Consumption waste generation and composition
  - Rebuilding cities: construction and demolition waste
  - ➔ Demand for infrastructure capacity and for Recycling
- The sector
  - Service
  - Technologies
  - Infrastructure
- Benefits from sound M SW
  - Environmental
  - Other (health and quality of life, employment and poverty, etc.)

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## Status of the M SW sector in EECCA (1/2)



- Institutional set-up and key actors
  - Organisation, regulation and governance
  - Who does what
  - Who pays for what
- Status of the services and the infrastructure
  - Coverage and collection rate
  - Disposal in dumpsites
  - A «grey» economy

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## Status of the MSW sector in EECCA (2/2)

- Key weaknesses
  - Institutional, organisational and governance
  - Policy instruments
  - Enforcement and compliance
- Consequences
  - Poor environmental performance
  - Consequences on health
  - (Almost) no investment
  - Excessive cost of operating and rehabilitating the non-optimal infrastructure
  - Other missed opportunities

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## Why financing strategies

- There is a need for strategic planning for MSW infrastructure,
- while Soviet-style approach to planning failed in many countries and provinces.
- Recent developments in the public budget planning also generated demand for a sector-specific planning tool

The FS methodology and the computer-based FEASIBLE tool were developed to address the need

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## FS methodology applying FEASIBLE tool



### Key steps:

- delineate the region and set long-term objectives and targets for each group of municipalities;
- define a scenario (a set of measures and investment projects) to achieve the targets;
- calculate expenditure needed for implementing the scenario;
- make projections for volume/structure of finance available (all sources and instruments) of finance
- assess affordability of the scenario for households (tariffs and user fees) and for the public budget (capital expenditure programme, operating subsidies and social support measures)
- calculate the difference between the expenditure needs and the supply of finance (the cash flow gap)
- if necessary revise objectives/targets and/or financing to balance expenditure needs with the finance available

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## FS case-studies



### In EECCA:

- Armenia (Lori and Shirak provinces/m arzs)
- Ukraine (national)
- Russian Federation (Novgorod, Yaroslavl and Rostov oblasts, St. Petersburg city and Leningrad oblast, the Mineral water region, Caucasus)


### EU accession and candidate countries:

- Bulgaria (Vratsa Mezdra)
- Latvia (national)
- Poland (Zachodniopomorskie province)
- Turkey (national)

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## Key lessons learnt (1/2)

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- The current situation is not sustainable:
    - Institutionally and financially
    - Environmental consequences
  - The sector attracts private operators
    - A lot of opportunities for rent extraction (at present)
    - But will it remain attractive if operators have to comply with environmental and economic regulation?
  - Technology choice is constrained by the capacity to invest and finance operations (the affordability issue), and by the status of the market for recyclables and recovered materials
    - Feasible technical options to collect waste in the region
    - Feasible technical options to treat collected waste
  - Revenues from user charges are well below the optimal level
    - User charge revenues are low and collection rate is low – billing and collection mechanism matters
    - Tariffs/charges could remain below affordability thresholds, even if operators comply with environmental regulation
    - Willingness-to-pay and collection efficiency increase with the quality of the service

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## Key lessons learnt (2/2)

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- Key issues to be addressed by a sound strategy
    - Explore waste reduction incentives
    - Explore alternative technologies to collect and treat domestic waste
    - Explore options for infrastructure optimisation
    - Address the specific issue of rural areas
    - Assess the proceeds from recyclables
    - Identify incentives for operators to comply to norms and standards
  - There is room to limit financial needs
    - The benefits from intermunicipal cooperation
    - Alternative business models (e.g. the articulation of the informal sector in collecting recyclables)
  - There are options to generate additional revenues:
    - User charges: rates and collection mechanism
    - Recycling
    - Limited reliance on public funds

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## Next steps



- Your comments on the structure and key lessons
- Draft the publication and invite comments
- Dissemination workshop
- Generate additional experience
  - A variety of territories
  - Additional revenue streams
  - Towards national strategies

THANK YOU !

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