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Municipal Infrastructure Support Programme

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Program podrške razvoju infrastrukture lokalne samouprave

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**Workshop on
Intermunicipal Cooperation in the Public Utility Sector
Instruments and Experiences in Serbia
Belgrade, 17. Nov 2010.**

Regionalization in Waste Management in Serbia

Problems and Solutions

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MISP**





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Regionalization in Waste Management is Imperative = not just an Option

- Economies of Scale of EU conform landfills
- National Strategy for Waste Management recommends 27 to 29 landfills in the country (12 until 2014, 12 more until 2019)
- Criterion: one landfill should cover some 200,000 population
(Note: not always practical or doable)
- National Strategy: regional associations must be formed to qualify for government support (goes also for EU grant support)



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Current State of Regional Landfills

- Some 20 “ Established regions : i.e. Where there is some agreement to cooperate
- 6 regions with PPPs (four privately financed landfills, two where strategic investors only carry out collection and transport)
- 3 public sector regional landfills under implementation
- (Some more regions where PPPs are developed (Belgrade was included)

Note: National Strategy strongly endorses private participation in waste management



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Regionalization with PPP

- **Cases where PPP is confined to collection and transport: Trojon and Fischer and Brantner**
- Private company contracts individually with several municipalities in the same region
- Municipal PUCs get out of transport and collection of waste
- Some core staff may be transferred to the private company
- Vehicles and equipment may be transferred to the private company
- Private company provides vehicles and containers, is required to extend service to rural areas, disposes waste in one place instead of many village dumps



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Joint Venture PPPs with New Landfill

- **ASA:** two Landfills (Kikinda and Lapovo)
- **Porr and Weber:** two landfills (Leskovac and Jagodina)
- **The structure:** (except Kikinda)
- joint venture with municipalities for transport and collection, private partner has controlling share
- Landfill is wholly owned and operated by private partner, private partner constructs and finances the landfill
- joint venture takes over core staff of the PUCs, as well as vehicles and equipment
- Private partner brings in vehicles and containers to the joint venture, extends the service



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Tariffs and Collection in Joint Ventures

- Joint venture waste collection&transport company collects tariffs from households

Note: all have changed the tariff based from fee on residential area to per capita or per household charge

- Municipalities pay directly the tipping fee to the private landfill company

Note: subsidization of the end user



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Regionalization in Public Sector Projects

- **Pirot:** each municipality (4) will transport its own waste to the landfill, landfill to be operated by a subsidiary of Pirot's PUC (not final)
- **Duboko:** each municipality (9) will have a transfer station (except Uzice) local PUCs continue to collect waste and bring it two transfer station, joint company of municipalities to operate the landfill, transfer stations, and regional transport between transfer station and regional transport between transfer stations and landfill.
- **Sremska Mitrovica and Sabac:** plan to found joint company for landfill operation and 1 transfer station, still debating if they will consolidate the collection and transport services (2) with the joint company
- **Indjia plan:** each municipality to transport waste to Indjia landfill, landfill to be owned and operated by Indjia

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Difference 1 between Public and Private

- **Private:** one Company operates collection and transport
- **Public:** each municipality operates collection and transport

Clue: in Duboko feasibility study recommended at most 3 transfer stations

Municipalities cling to retain their PUCs

In PPP projects mayors want to devolve the collection and transport



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Difference 2 between Public and Private

- **Private:** Tariffs for Collection & Transport as well as the tipping fee are agreed contractually at the outset
- **Decision on the tipping fee is postponed until last minute**

Note: conflicts of interest in public projects between host municipality of the landfill and the other municipalities



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Common Feature Private and Public

- Dual operational and pricing system:
 - 1 tipping fee for landfill paid by municipality to landfill operator
 - 2 tariff for collection collected by transport company

Note: no clear mechanism to transfer the tipping fee to the end-user

Note: this dual system doesn't have to be:

In Hungary, Slovakia Czech Republic, one company operates landfill and transport, end users pay to municipality, municipality has contract with operator, tipping fee is only levied for outside clients (other municipalities or companies that bring their waste to the landfill)



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A Big Question

- How many of the 24 landfills to be built will be under **private versus public** ownership and management?
- 1 tipping fee for landfill paid by municipality to landfill operator
- 2 tariff for collection collected by transport company

Note: Slovakia did not use budgetary funding or EU grants for landfill. Provided strong incentives and shut down non-compliant landfills

Note: Hungary: strategic investors financed the first EU confirm landfills in first half of 90s, but after the government launched massive grant program in second half of 90s for landfill construction no more private landfills were constructed
SERBIA IS AT THE CROSSROAD ON THIS



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Regionalization in Waste Management in Serbia

Thank you for your attention

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PLANA





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PIROT





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Thank you for your attention!