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Workshop on Cooperation in Waste Management Projects

13/14 September, Divcibare

Issues in Cooperation in Waste Management Projects

by Paul Dax





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The Issues discussed in this presentation

I. Options for the Organization of Transport

II. Institutional Options for Landfill Operation





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I. Options for organizing the collection and transport of waste

- One regional company: merger of municipal PUCs: this is the prevalent mode in PPPs in Serbia
- each municipality transports its waste to the landfill with its own vehicle fleet (example: Pirot)
- each municipality keeps the local collection, transports waste to a transfers station regional company takes waste to landfill (example: Duboko)



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Option 1: Regional Transport Company Advantages

- management and overheads are reduced
- number of spare vehicles reduced
- maintenance and repair in one workshop
- least cost routing of vehicles, economies of scale

Example: ASA in Lapovo, other PPPs



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Option 2: Each Municipal PUC transports Waste Directly to Regional Landfill

- merger of transport companies has been recommended for Pirot region: finally rejected by the municipalities
- other cases: Indjija some very small municipalities
- Sremska Mitrovica Sabac: two big companies, no problems if they remain separate in the short run

Note: contrast between public and private sector behaviour



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Option 3: Each Municipal PUC transports Waste to Transfer Station, Regional Company from Transfer Station to Landfill: the Duboko case

- **Note: Feasibility Study recommended at most 3 transfer stations, now there will be eight : the “social justification”**
- **cost implications: inefficiency of small local operations compounded by high costs of transfer**



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What to do on transport in future public sector projects???

- insist on specialized waste management PUCs: “spinoffs” and “unbundling” solutions?
- disallow manifestly inefficient high cost solutions? the “social justification”?
- encourage service contracts between small and large service providers?
- general: conditionality, conditions precedent to disbursement?



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II. Institutional Options the Ownership and Management of the Regional Landfill

- **1. The host municipality operates the landfill and controls its finances**
- **2. host municipality operates the landfill in consultation with participating municipalities**
- **3. participating municipalities establish a joint company for the landfill operation**



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Option 1: Host Municipality Controls the Landfill Operation

- **Advantage: simplicity**
- **Problems: conflict of interest with regard to the disposal fee, cashflow from depreciation belongs to host municipality only**
- **Solutions: requirements to render separate accounts pre-agreed limits on profitability, etc**



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Option 2: Host Municipality Operates the Landfill in Consultation with Participating Municipalities

- **Advantage:** unified management control but regular interaction for seeking consensus
- **Problems:** weak form of joint decision-making
- **Solutions:** agree on binding limitations of arbitrary decisions by host municipality via Intermunicipal Agreement at the outset



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Option 3: Joint Company

- **Advantage:** joint decision-making, with voting rights for each founder
- **Problems:** cumbersome procedures when Assemblies have to ratify decisions of the Management Board
- **Solutions:** Define areas of autonomous binding decisions by the Management Board



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What to do on institutional framework on landfill operations in future public sector projects???

- develop binding procedures for consultations and joint decision-making
- develop templates for appropriate intermunicipal agreements
- Develop templates for the statutes of joint regional companies



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A final thought

Why not think about fully integrated operations where

- One company operates the transport as well as the landfill
- There is no separate tipping fee paid by PUCs and/or municipalities to the landfill operator
- The tariffs are invoiced to the end-user to cover the cost of the integrated operation.
- **THIS IS HOW WASTE MANAGEMENT OPERATES IN MOST CASES IN MOST MEMBER COUNTRIES**



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QUESTIONS AND ASSISTANCE

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Thank you for your attention!