Thematic Forum on Solid Waste Management Best Practices

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The World Bank
Solid Waste Management

1. Overview of World Bank Solid Waste Activities

2. Sharing of Successful Initiatives
   • Design-Build-Operate
   • NG-LG Cost Sharing Framework
   • CDD initiatives

3. New Initiatives
**WB Approach: Strategic Planning**

- **National strategies / framework needed**
  - establishing appropriate policy and regulatory framework and institutional reforms
  - providing technical assistance and access to finance for local authorities

- **City-wide strategic SWM plans needed**
  - matching service levels and solutions to user demand and affordability, especially for low-income communities
  - integrating collection, transport, recycling, treatment, and final disposal
• **Institutional Issues:**
  – Institutional arrangements
  – Legal frameworks and policy reform
  – Economic instruments and inter-governmental transfers
  – Cost recovery
  – Inter-municipal agreements

• **Project Level Investments:**
  – Private sector involvement
  – Collection and recycling
  – Transfer, landfill, composting, dump closure
  – Waste picker livelihood upgrading
Accelerating LGU Compliance to SWM Act

TA: Institutional

  • DAO 49 & 50
  • Baseline to SWM Act

Post SWM Act:
Study on User’s Fee for SWM Initiatives, 2005
NG-LG Cost Sharing Framework, October 2008

Project Level Investments
  • Piloting new PPP instruments- The Design-Build-Operate
Design-Build-Operate (DBO)

• San Fernando City, La Union
• Gen. Santos City
# Approaches to PPP

<table>
<thead>
<tr>
<th>Approach</th>
<th>Asset Ownership</th>
<th>Operation &amp; Maintenance</th>
<th>Capital Investment</th>
<th>Commercial Risk</th>
<th>Contract Duration</th>
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</thead>
<tbody>
<tr>
<td><strong>Service Contract</strong></td>
<td>Public</td>
<td>Public/Private</td>
<td>Public</td>
<td>Public</td>
<td>1-2 years</td>
</tr>
<tr>
<td><strong>Management Contract</strong></td>
<td>Public</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>3-5 years</td>
</tr>
<tr>
<td><strong>Design-Build-Operate</strong></td>
<td>Public</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>5-8 years</td>
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<tr>
<td><strong>Lease</strong></td>
<td>Public</td>
<td>Private</td>
<td>Public</td>
<td>Shared</td>
<td>8-15 years</td>
</tr>
<tr>
<td><strong>Concession</strong></td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>25-30 years</td>
</tr>
<tr>
<td><strong>Build-Operate-Transfer (BOT)</strong></td>
<td>Public and Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>2-30 years</td>
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WHY DBO?

✓ Bundles various activities to a single contract
✓ Assigns liability for the entire project to single contracting entity
✓ Increase accountability and performance
WHY DBO?

✔ Provides the basis for applying user charges to cover the cost of disposal services

✔ Authorities concentrate on supervision and enforcement of environmental standards
PRE-REQUISITES TO DBO FOR SWM

1. Social and Environmental Safeguards Assessment and Pre-Feasibility Study

2. Land Acquisition completed

3. Financing Secured

4. Feasibility level site layout drawings

5. Transaction advisors (legal and technical for the first few transactions)
LESSONS LEARNED

pre-q (2004)

Political will---implementable /operational within 3-year political cycle

...allowing bundling of activities

| Under existing arrangements | shortlist | select cons | design | review design and prepare bid docs | bid & evaluate | construct |
| LGU term of office      | first year | second year | third year | one term of LCE |

| DBO services            |                          |                          |                          |                          |
LESSONS LEARNED

Provides technical/economic benefits

✔ Cost effective and competitive process: lowest price bidder wins

✔ Output based: Operator has to achieve minimum standards/targets

✔ Utilizes expertise of operator to integrate designs with construction and operation

✔ Provides the basis for applying user charges to cover the cost of disposal services (ongoing)
LESSONS LEARNED

Allowed the LGU to focus on other SWM initiatives:

- ✔ improving collection - transferred accountability to barangays/communities
- ✔ resource recovery thru the establishment of MRFs in communities
- ✔ IEC to increase public awareness
NEW INITIATIVES

• METHANE GAS RECOVERY PROJECT  
  (Pooling of SWM Initiatives) 
  Status: MOA signing with participating entities

• INTEGRATED PERSISTENT ORGANIC POLLUTANTS PROJECT 
  Status: Project preparation phase
Thank you!