



PPP in Solid Waste Management: **To create more Jobs and to mitigate Climate Change**



European Investment Bank

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Agenda

- **The EIB: The EU Bank**
- **European PPP Expertise Centre (EPEC)**
- **Solid Waste in Low- and Middle income Economies**
- **PPP in Solid Waste Management: Rationale and Issues**



The EIB: the EU bank



- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe's growth

EIB Group financing in 2016



Climate Finance Pioneer

• EUR **19** bn
for climate
in 2016

• USD **100** bn
2016-2020

The European PPP Expertise Centre

- Designed as a **capacity building** ‘public good’ PPP initiative
- A unique membership-based PPP expertise network
- With a mission to support the **public sector** to **deliver sound PPPs**
- Based on a membership of 41 (30 countries) – typically central PPP units of Member States and Candidate countries, the EIB and the EC
- That is ‘neutral’ in its approach to PPPs and independent of EIB lending
- An integral part of the EIB’s advisory services, providing network activities and PPP advisory support



PPP Advisory Services to the Public Sector

•Share good PPP practice through network activities:

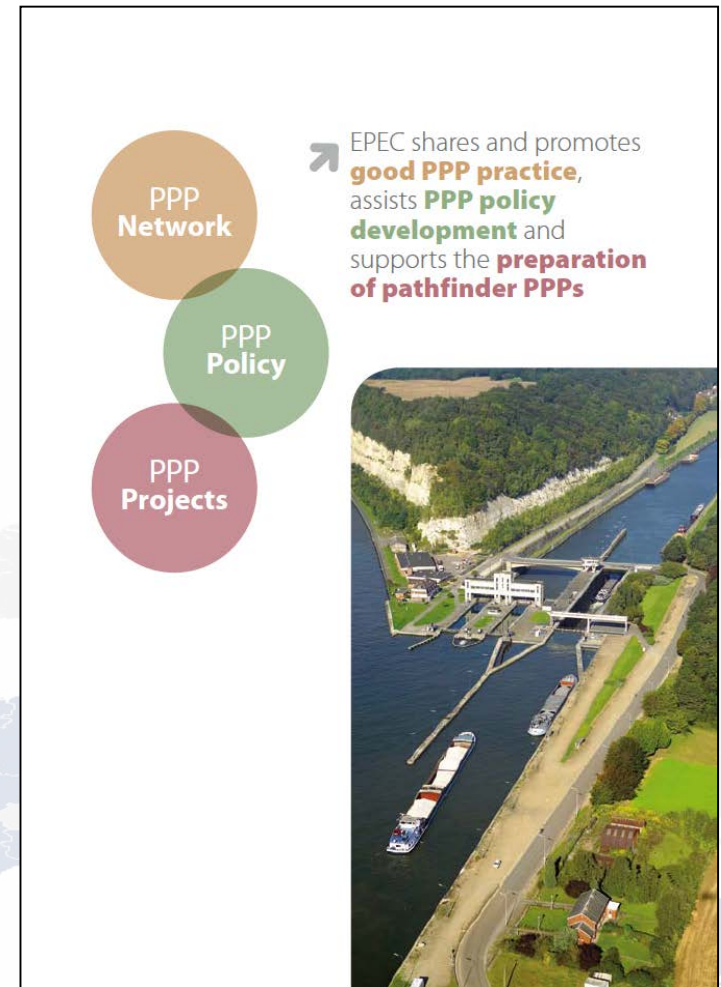
- Providing market intelligence
- Addressing practical issues in implementing PPPs
- Developing PPP guidance and tools

•Assist PPP policy development e.g.:

- PPP legal and regulatory frameworks
- PPP institutional arrangements
- Processes for preparation and management of PPPs

•Support PPP project preparation, offering high level strategic advice, e.g.:

- Making the PPP decision
- PPP project analysis preparation
- Use of transactions advisers





SW Issues in Low- and Middle Income Countries



**Climate Action and Short-lived Climate Pollution
«SLCPs»
Link of SWM and GHG Gas Emissions**



SWM in LMIC: Drivers and Triggers

I Public Health/Envir. Protection

- SW: Public Goods, negative Externalities
- Waterborne diseases
- Groundwater pollution
- Public Authorities: Lack of awareness
- Inefficient drinking water production

II Climate Change and Resources Management

- 640-760 m CO_{2eq} worldwide from landfills/dumpsites
- Addressing SLCPs: mitigate near-term climate change
- Material recovery: Driver of recycling
- Recycling/Re-use: Reduction of GHG emissions
- Only 25% of recyclate recovered (Worldwide)

III Business Opportunities

- 46 bn \$ spent: 40 bn Market gap
- More than 150 bn needs in 2025
- 5% Urban jobs in ACP
- 15-20 million of people
- Huge potential to create jobs: Skilled and unskilled people especially the recycling industry

IV EIB Role

- Climate Action: 40% outside EU!
- Providing financial means, technical Assitance,
- Play a catalytic role for the private sector
- Profound experiences within and outside Europe
- European External Investment Plan



Market and Financial Burden in LMIC

- SW expenses in ACP/OCT: USD 46 bn per annum;
- Market Gap: Additional USD 40 bn;
- Municipal Authorities:
 - Lack of technical expertise;
 - No direct Access to credit for public works;
 - No Consequences of increasing disposal fees, so landfills lose money;
 - As a consequence: Illegal dumping.

Need for sound financing framework: PPP / PSP



SW-PPP Framework: SWOT Analysis

Strengths

Faster responses to investment needs
Innovative
Accountability for the provision of service
Reduction of public debt

Weaknesses

Market Fluctuations (recycling material)
Principal-Agent Dilemma
Inter-organisational Relationship
Lack of regulatory framework sometimes
Higher financing costs

Opportunities

EU Directives, EU Targets
LMIC Targets ?
Waste framework Directive
Landfill Directive
Payment Mechanism: Profit sharing
Tight public budget

Threats

Economic life of the assets
Accessibility of Information
Public contract monitoring
Lack of long-term competition
Re-municipalisation



PPP in SWM: Rationale and Issues

Rationale

- Faster response to the needs in environmental infrastructures, new capital investment, access to technical know-how and cost efficiency;
- Risk sharing, Innovation;
- Engine for economic growth and sustainable development;
- Opportunities for private entrepreneurs and chance for public sector to outsource non-core activities;
- Foreign Direct Investment (FDI), tight municipal budgets, transfer of managerial and technical know-how.

Issues

- Long-term Transaction costs;
- Monopoly: Public oversight requirements;
- SWM: Merit goods, non-exclusive, non-rival;
- Equal access, affordability and the guarantee of the continuity of service;



Thank you very much!!