

## PROJECT SUMMARY:

# MUNICIPAL WASTE MANAGEMENT SERVICES IN THE MUNICIPALITY OF SUHAREKA

### SECTOR DESCRIPTION

Waste management sector in Kosovo is managed by the central and local government. Local governments are responsible for providing waste collection services, which service till now is mainly provided by the regional waste companies in public ownerships. Waste disposals services are mainly provided by the Landfill Management Company (KLMC). Waste management sector is currently regulated by the Water and Waste Regulatory Office (“WWRO”) and the Ministry of Environment and Spatial Planning (MESP).

### WASTE MANAGEMENT SITUATION IN SUHAREKA

Waste collection services in the Municipality were traditionally provided solely by the publicly owned enterprise Ekoregjioni JSC. The Municipality holds 13.1% of the shares in this company, while the dominant shareholder is the Municipality of Prizren with 65.5%. At present, only 13 out of 41 settlements are covered by Ekoregjioni JSC. Approximately 18-25 tons per day of waste are collected in the Municipality.

Ekoregjioni JSC has a contractual arrangement with the Kosovo Landfill Management Company, which manages, through a contractual arrangement with a private operator, the Prizren Landfill, which is used for the disposal of waste collected in the Municipality of Suhareka.

However, in addition to the relatively low service coverage, there is also a generally low satisfaction level in the Municipality with respect to the effectiveness and efficiency of the waste collection services provided by Ekoregjioni JSC.

In view of this situation, and in order to improve the effectiveness and efficiency of waste collection services, the Municipality has contracted a private company (“IS-Company”) to provide waste collection services in addition to those delivered by Ekoregjioni JSC. The involvement of the private company is intended to also serve as a pilot-project to test if the involvement of the private sector would improve waste collection performance. IS-Company operates on the basis of a one-year service contract entered into with the Municipality. The private company is responsible for covering approximately 50% of the territory of the Municipality. Since the service areas are separated and consumers have no choice between the service providers, there is no competition between

Ekoregjioni JSC and the private company. The services delivered by the private company are generally considered to be more effective and efficient resulting in higher consumer satisfaction. This is also reflected in the higher tariff collection rate although the tariffs charged by both Ekoregjioni JSC and the private company are the same, i.e. EUR 4.50 (incl. 16% VAT) per household/month.

## PROJECT FEASIBILITY

The feasibility study indicates that it is possible to achieve the set objectives. The Project is financially viable with no external subsidies being required and attractive to potential private sector investors. The municipality's cost for organizing the tender competition and supervising future operations can be covered with a concession fee.

## PROJECT DESCRIPTION

<ul style="list-style-type: none"> <li>• <b>Overall objective:</b></li> </ul>	<p>The overall objective is to involve the private sector through a contractual arrangement in waste collection and separation in the Municipality in order to improve the present status of waste management, and in particular to enhance service coverage and service quality.</p>
<ul style="list-style-type: none"> <li>• <b>Contracting Authority:</b></li> </ul>	<p>Municipality of Suhareka</p>
<ul style="list-style-type: none"> <li>• <b>Required services:</b></li> </ul>	<p>The private operator will provide the following primary waste management services:</p> <ul style="list-style-type: none"> <li>• Collection of municipal waste;</li> <li>• Design, build, finance, operate and maintain a waste separation facility;</li> <li>• Transport of collected waste to a suitable and legally authorized landfill.</li> </ul> <p>In addition, the private operator will provide the following ancillary waste management services:</p> <ul style="list-style-type: none"> <li>• Removal and clean-up of illegal waste deposit sites;</li> <li>• Cleaning and removal of waste from riverbeds and roadsides;</li> <li>• Cleaning of roads and sidewalks;</li> <li>• Cleaning of markets, cemeteries, public parks and public spaces.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Transaction Structure:</b></li> </ul>	<p>The Service Concession Contract</p>
<ul style="list-style-type: none"> <li>• <b>Contract Duration:</b></li> </ul>	<p>10 years</p>

### **EXPECTED INTEREST OF INVESTORS:**

Subarea has shown significant interest in private sector involvement in the field of waste management. The administration has also started a pilot project in order to test co-operation with a private company.

After the project approval by the PPP Committee and by the Municipal Assembly of Suhareka, the Municipality organized a conference for potential investors, which will serve to test the interest of investors and eventual changes to RFQ.

### **PROJECT STATUS:**

Project was approved by the Committee for Public Private Partnerships on 03 February, 2012. Soon is expected the announcement of Request for Qualifications by the Municipality of Suhareka.

### **PROJECT MANAGEMENT:**

Project is led by working team composed of senior officers of Municipality of Suhareka and is expected creation of a Contract Management Unit.