



**The first Private-Public-Partnership
in waste management of the
Republic Kosovo**



The partners



Moser Group Austria



The Process

- Beginning in 2010
- after a lot of discussions between and inside the municipalities
- according to PPP law 03/L-090 of Republic Kosovo
- after a tender which Moser Group from Austria won
- the first PPP in waste management became a huge majority from all political parties in the assembly
- after detailed contract negotiations
- was signed the PPP contract on 23rd May 2012
- started the real work on 1st July 2012



What we have reached till now

- we moved to a new office
- we invested in new IT and office furniture
- we invested in 3 modern waste trucks
- we have now 6.000 household containers in use
- we saved all jobs and increased salaries in 2014
- we increased the collection rate to 80 %
- landfill was not closed for us any day
- we cover our running costs since 2 years
- we got not any subsidy from municipalities or government





What was the key factors of our development

- Training and work with managers and employees
- Respect to and appreciation of all employees
- Necessary changings in some positions
- Consequent and reliable leadership
- To know our income situation - to see our potential - to know our costs
- Improvement of income situation was the first, the second and the only goal at the beginning
- Soft cost cutting was the third step (controlling of fuel and other costs, reducing of payments for overtime, holidays and allowances)
- Incentive System for cash collectors and respect to their work



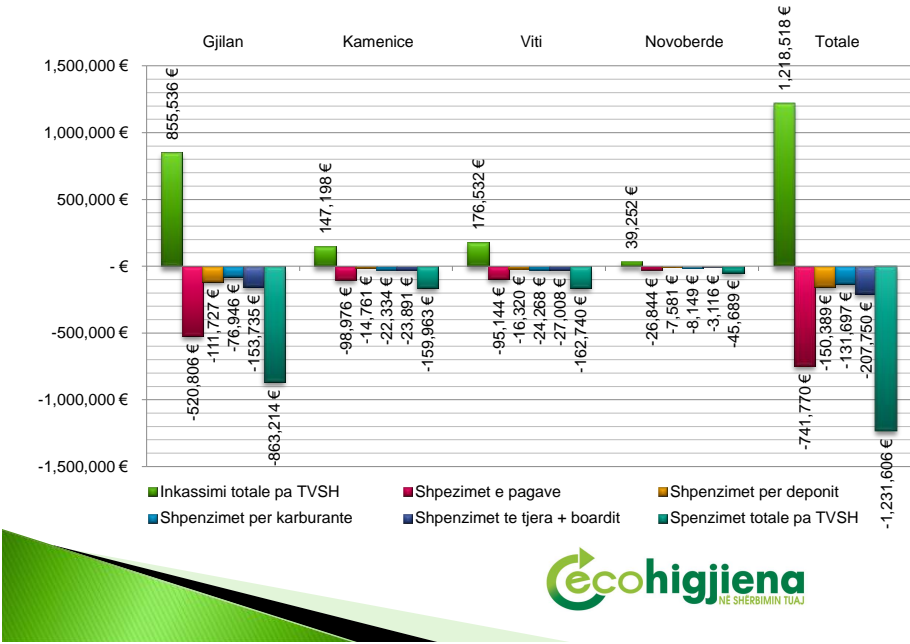
Some figures

Basic data	7-12/2012	2013	2014	2015
Waste Quantity in tons	13.324	24.385	23.824	27.226
Liter fuel		118.530	131.116	144.583
Employees	146	149	169	174

Receivables 31.12.	548.801 €	1.241.667 €	1.601.420 €	1.984.976 €
Growth of Receivables	548.801 €	692.866 €	359.753 €	383.556 €
Turnover me TVSH	843.093 €	1.769.023 €	1.688.789 €	1.705.659 €
Collected sums	461.667 €	1.154.735 €	1.381.146 €	1.380.759 €
Collection rate	54,76%	65,28%	81,78%	80,95%



Incomes and costs according to municipalities



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Turnover and costs 2015

Revenues from carriage of waste	1.091.447,07 €	72,4%
Revenues from the contract market, other	415.948,62 €	27,6%
Revenues	1.507.395,69 €	100,0%
64 Costs of employees	- 761.764,76 €	61,9%
65 Landfill costs	- 150.389,10 €	12,2%
666 Fuel costs	- 131.696,95 €	10,7%
667 Car Maintenance	- 43.296,00 €	3,5%
6680 external experts	- 22.937,14 €	1,9%
6681 Maintenance	- 2.056,25 €	0,2%
6682 Materials + tool	- 27.010,02 €	2,2%
6683 Communication + IT	- 9.801,00 €	0,8%
6684 Low value assets	- 3.238,22 €	0,3%
6685 Marketing Costs	- 12.903,93 €	1,0%
6686 Administration expenses	- 56.838,63 €	4,6%
6687 Interest + legal costs	- 5.704,45 €	0,5%
6688 Other expenses	- 3.551,17 €	0,3%
Operational costs	- 1.231.187,62 €	100,0%

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Well organized

Board of Directors				
CEO			Asistent	
Director F & A	Director operative			
1 Stock accountant	Manager Gjilan	Manager Viti	Manager Kamenice	Manager Novoberde
Internal Auditor	Chief mechanic	4 cash collectors	4 cash collectors	2 cash collectors
Juridical secretary	2 employees	3 security staff	4 security staff	1 driver
Manager cash collectors	Manager waste service	2 drivers	2 workers gren market	2 workers
13 cash collectors	9 Driver	8 workers public services	2 workers	2 vehicles
Chief accountant	18 worker	2 drivers	3 drivers	
4 accountants	9 Vehicles	4 workers	6 workers	
3 cashiers	Manager green markets	2 vehicles	3 vehicles	
2 task force	5 employees			
IT specialist	Manager public services			
	2 driver			
	21 workers			
	2 vehicles			
	Manager task force			
	4 workers			
	Manager security			
	10 security staff			





There is still a lot to do



What we want to reach in the future

- ▶ we want to invest in waste separation and recycling
- ▶ we want to reach a service coverage of 98 %
- ▶ we want to invest in green markets
- ▶ we want to secure all jobs of our employees
- ▶ we want to make all employees succesful
- ▶ we want to reach an annual profit of at least 200.000 €
- ▶ we want to reduce environmental pollution
- ▶ we want to reduce illegal dumpsites



Waste Management in Kosovo

**What is necessary to make
waste management in Kosovo
sustainable succesful**



What are the biggest challenges for public service companies in Kosovo

- Low public awareness and low willingness to pay
- Very weak legal position in enforcing the fees
- High rate of fee exemptions by law (about 30 %) without any compensation
- Political influence
- Voters oriented fees and employment policy
- No enforcement of laws against polluters, illegal dumps and not licensed companies



What is necessary for higher landfill fees ?

- If we have a collection rate of 98 % from active clients
- If we get compensation of at least 3 € for each passive client
- We can afford 15 €/ton landfill tax without increasing our fees
- If we get in addition a reduction of TVSH to 0 %
- We can afford 20 €/ton landfill tax without increasing our fees
- For any higher landfill tax or any lower above mentioned result we must increase our fees to cover the costs



Key factors of 98 % collection rate in Austria

- Of course salaries are higher in Austria and unemployment rate is lower
- But also the fees are higher and there are much less cases of fee exemptions
- Most important is that the owners of properties and flats are obligated to pay all fees
- And municipalities as service provider have the right to execute overdue fees without any court session



Monthly costs of a household with 4 people in Kosovo

- 35 € for electricity and heating
- 16 € for water and waste water
- 20 € for internet and television
- 15 € for phone costs
- But 5 € for waste management are too much ? ? ?
- 5 € = 10 coffees
- 5 € = 6 liters fuel = about 70 km
- 5 € = 40 cigarettes



Private Public Partnership

What can the Public Partner expect from a PPP ?

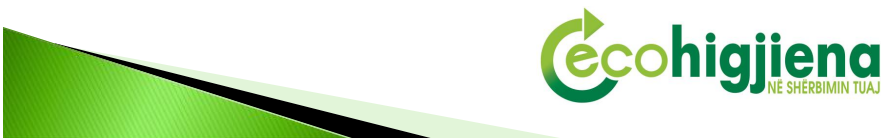
What will the Private Partner expect from a PPP ?

Are private partners the new donors ?



What the public partner will loose

- The full control about the company
- The right to influence employment policy
- The opportunity to use the fee and employment policy for elections
- A lot of duties and headaches
- But not the responsibility



What the public partner will win

- International management and leadership quality
- Development of employees for free
- Investments for free
- Improvement of service standards and quality
- Profit share instead of paying annual subsidies
- A reorganised, sustainable and successful company for free after termination of PPP



What an international partner expects

- A good chance to get back the invested capital and an annual net profit of about 10 % per year
- Good cooperation and support from the public partner also for unpopular measures
- Correct and reliable legal situation
- Fair and equal treatment by all authorities
- Well educated people
- Low taxes



Are private partners the new donors ?

Definitely not!

**PPP's are the next step on the way to
efficient, profitable and sustainable
public services.**



What is important for a succesfull PPP

- ▶ A good tender and the selection of a reliable partner
- ▶ Clear agreements and limitations for personal cuts
- ▶ At least 80 % profit share for the private partner
- ▶ At least running time of 15 years for waste collectors (expect first ROE after 5 years)
- ▶ At least running time of 25 years for landfills, water suppliers and wastewater plants (expect first ROE after 8 - 10 years)
- ▶ Trust, respect and the willingness to cooperate in good and bad times





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