

Brussels 19/03/2014

Specifications for a report on approaches and instruments to address resource use in product policy

This consultation is open from 21/03 to 24/04 on the ACR+ website – www.acrplus.org and on the EEB website - www.eeb.org

Proposals to be sent by email to ACR+ and EEB contacts as mentioned below (fb@acrplus.org / Stephane.arditi@eeb.org) before 24/04, 1 p.m.

Context

The EU has adopted, through its Resource Efficiency flagship initiative and Roadmap, a resource efficiency agenda that aims to better align its overall resources consumption with the carrying capacity of the planet and re-orient our production and consumption patterns. Today the EU over-consumes natural resources, exerting an unsustainable pressure on ecosystems within and outside its borders, and it has been assessed that 2 planets would be needed if resource consumption at worldwide level were to equal current EU resource consumption. In addition, the EU is highly dependent on the import of natural resources and could be incrementally suffering from international competition for steadily scarcer and more expensive resources, undermining its slow economic recovery.

A number of initiatives have been launched to address natural resource use and depletion at EU level. Some have a more environmental focus, such as the Resource Efficiency Roadmap (RER), some prioritise the economic aspects, such as the Raw Materials Initiative (RMI), but all tend to acknowledge the possible synergies between resource use optimisation and economic recovery. Noticeably, the newly agreed 7EAP foresees the development of new policy frameworks driving forward more sustainable production and consumption patterns.

In parallel with those high level initiatives, a major review of waste policy is under preparation by the European Commission. It should visibly consider setting more ambitious prevention and recycling measures into revised waste policy, along the lines of circular economy models. This could offer a unique opportunity to create legal drivers and visibility for boosting innovation in design and waste management processes, stepping up economic recovery while mitigating environmental impacts of our production and consumption.

A key element of sound waste management strategies is the use of economic instruments, such as taxation, extended producer responsibility and pay-as-you-throw schemes. One of the common basic ideas of these instruments is coupling economic measures with waste treatment hierarchy, with preferred treatment options associated to economic incentives and less preferred options with additional financial burden, reflecting their environmental and societal consequences.

Energy policy could provide inspiration for a new type of economic instrument applied to waste management: *energy performance contracting, as defined in EC 2012/27,*

“energy performance contracting’ means a contractual arrangement between the beneficiary and the provider of an energy efficiency improvement measure, verified and monitored during the whole term of the contract, where investments (work, supply or service) in that measure are paid for in relation to a contractually agreed level of energy efficiency improvement or other agreed energy performance criterion, such as financial savings”.

It is the objective of the study to investigate how performance contracting could be developed for waste management.

Aim of the publication:

The aim of this publication is to suggest approaches and possible methodologies **to define, implement and monitor waste management performance agreements**. The focus should be on municipal waste, as defined in the Commission decision of 18 November 2011 (2011/753/EU): “household waste and similar waste”, from waste generation to final treatment. While performance contracting could also be adapted to industrial and other types of waste, it is considered that due to the various nature of municipal waste making it more complicated to handle and not necessarily immediately valuable, as well as the need to establish a relation with a public authority, investigating performance contracting for that waste stream could enable to scrutinize most of the aspects and important determinants associated to such a contracting mode, thus allowing a possible replication/adaption to other waste streams afterwards.

While the choice of the best approach to answer this call for tender is the responsibility of possible contractors, three specific objectives should be particularly considered:

1- What could be the technical and financial patterns of performance contracting for waste management?

This technical financial side should notably consider the scope of performance contracting. The contractor should investigate what is the most appropriate option with regard the scope of a performance contract – (collection, collection and treatment or from generation to final treatment?). It will also be analysed the need to distinguish the different types of waste in municipal waste with specific types of incentive-schemes (rewards and penalties) that could be established. It is expected that the incentive schemes will be clearly correlated to the waste treatment hierarchy and target as a priority moving towards the upper steps of the hierarchy and ensuring quality sorting and recycling of materials.

Further investigation will also be required into the analytical framework to collect data and the types of indicators to monitor the performances and link them to incentives schemes.

Additionally, the possible link – complementarities and trade off – to existing economic instruments, such as taxation, pay as you throw, and producer responsibility could be considered, but it is not the objective to elaborate on these existing instruments.

2- What could be the administrative, legal basis and governance of these performance contracts?

Beside the technical and financial aspects, there is a need to investigate the organisational aspects of performance contracting. Is there a most convenient geographical/administrative area to establish such contracts? Which actors should be involved in establishing the contract and is there a range of competencies or type of organizations that should be required to ensure a proper functioning of such contracts?

As performance contracts are by nature closely linked to evolution in time, the most convenient duration to associate to such contracts should be explored, as well as key review milestones and enforcement and amendment rules. Possible ways to balance opportunities for amending the contract with the necessity to maintain visibility and a possibility to set medium/long term strategies should be suggested ; notably in terms of creating and/or maintaining infrastructure, and securing relevant investments necessary to achieve the targeted performances. In that perspective, the example of possible adaptation to standards and best available technologies for waste management could be particularly explored.

As a certain transparency is required in defining and implementing such contracts, rules for governance should be considered and suggestions for minimum requirements in terms of governance structure are expected.

The proposals should not exclusively target private or public contract types, but are expected to maintain certain versatility for establishing contracts. However it is expected that specificities and conditions linked to public contracts are explicitly analysed as a public regime is likely for contracting on municipal waste management. In that perspective, it is not required to enter the specificity of each Member State legislation with regard possibilities linked to public procurement. The contractor could set a basic framework and if suitable exemplify with concrete illustrations, based on own experience.

An adaptation based on the different ways of paying the municipal waste management service by citizens (e.g: fixed part or variable part; payment to a general budget or specific allocation) could be considered.

3- What are the conditions for such contracts to be established?

It is expected that the main barriers to performance contracting are identified and recommendations to overcome them are suggested. These should notably encompass the type of waste data to be made available in comparison with currently available, the requirements for accounting and analytical bookkeeping, and the possible flexibility of the infrastructure with regard evolution in time. For example, are performance contracts compatible with waste operations imposing legally and/or technically a minimum amount of waste to be delivered?

It would also be appropriate to identify the difficulties linked to support and ownership by decision makers and concerned public. For example, would that be accepted to pay for waste which is not generated (as in energy performance contracts, it is paid for energy saved)?

A possible checklist of key conditions to fulfil before considering performance contracting could be established.

Methodology:

While the precise structure and detailed methodology are to be proposed by the contractor and agreed with ACR+ and EEB at the time of the selection, the following points should be considered:

- The report should encompass clear propositions and recommendations with regard the three aforementioned objectives and the overcoming of related barriers
- It is expected that the contractor will integrate a peer review of the report by preferably two waste experts. It is suggested a two steps review: one collective remote meeting at an intermediary stage of the report and a more detailed peer review before the final report. The choice of the experts could be decided among the contractor, the ACR+ and the EEB. The possible associated costs should be included in the offer.
- The contractor is expected to attend a conference at the release time of the report or at a later event related to the dissemination of the report

Format and property

The format of the report would be a word file, with possible suggestions for design and illustrations, but it is not necessarily expected of the contractor to design the report to be immediately publishable. The size of the report is up to the contractor, but it should cover all topics as requested in the aim of the publication and be presented under a readable format for a non-expert public, making use of eventual annexes to explain and justify in further details some of the suggestions, with a clear highlight of the key proposals at the end of each section, and with an executive summary recapitulating the approach and main findings.

The document will be the property of ACR+ and EEB and is designed for being made public. No use of the report should be made before it has been officially released by ACR+ and EEB. It should not be used without a clear mention of the name(s) of the author(s). The authors will be free to use the totality or some parts of the report as they wish providing they refer to the document as commissioned by ACR+ and EEB.

Timeline

The final report should be made available to ACR+ and EEB by 15 October 2014, in order to have time to review and design a publication to be released by mid-November 2014.

At least three exchanges (possibly from remote) should be planned between the contractor and ACR+ & EEB:

- after the selection of the contractor, a first meeting will be organised between the contractor and ACR+ & EEB to kick off the work
- a second meeting will be set to discuss the overall structure and main orientations of the report (by June 2014 at the latest)

ACR+/EEB – Call for tender **Municipal Waste performance contract**

- a third meeting will be organised to discuss the detailed contents and key propositions (by September 2014 at the latest)

It is also assumed that additional exchanges (by phone or email) could take place should any need be identified by ACR+ or EEB or the contractor, and to monitor the progress of the publication.

Budget

The total maximum budget for the report is 25 000 €, all taxes included. This also includes the participation in the meetings, the peer review and the conference or dissemination event in Brussels (target date being November 2014).

Criteria to select contractor

The evaluation criteria for quotes will be the quality of proposals to comply with these specifications, the experience of the contractor on the subject and working with NGOs, and the ability to respect the budget, timelines and cooperation modalities.

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