

## **Implementation of Deposit System as a Part of Sustainable Waste Management Strategy by 2035**

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Good afternoon, ladies and gentlemen. Of course, first of all, I would like to thank the organizers of this event for the possibility to become familiarized with the conveyed mode of application of deposit systems and to present the plans of the Republic of Belarus in this direction. Briefly speaking, Belarus, by its territory, number of residents, area, number of city residents is practically Lithuania, just three times bigger. Having in front of us the unique manner of introduction of a deposit system by the Republic of Lithuania, today, we are certain that we will be able to implement the same system in the Republic of Belarus as well.

To begin with, I will probably tell you about the reasons that motivated us to implement a deposit system in Belarus. Of course, by European standards, Belarus started tackling the issues of waste management quite late. It was only in 2008 that the Government approved defined targets for the national program with the goal to recycle secondary material resources: paper, glass and plastic. In this slide, you can see from what we started in 2008. For those European countries that introduced the principle of EPR a very long time ago, I want to say that Belarus introduced it in 2012 only, that's why year 2018 is an example of what our colleagues spoke about: how many secondary resources it was possible to collect economically efficiently from municipal waste under Belorussian conditions. The figures, as you can see, are very low, especially those of glass and plastic. That was the experiment from which we started. Then, as a result of undefined mechanisms of stimulation of economy and so on, in 2015, some other indicators increased: over 70% of paper, over 60% of glass and 17% of plastic. A question may occur to you: if everything is going so well with glass for you – collection rate is over 60% – why do you need deposit? In order to achieve this collection of 60% of glass, Belarus includes a utilization fee of four cents in the price of each bottle today. Compare it to the Lithuanian deposit system where deposit fee amounts to two cents, as Gintaras said, and you'll understand that the system of separate collections via sorting containers results in seemingly the same outcome but at twice the cost. The result can be achieved but it is expensive. The plans which were made by the Government for the year 2020, they are certainly very difficult to achieve in the existing system without introduction of deposit. From our point of view, they cannot be achieved.

Now for a bit on the history of the deposit return system in Belarus. Until the mid 1990s, there was a deposit collection system in place for glass reusable bottles. However, as PET bottles and other disposable packaging entered the market, the existing deposit system for reusable packaging was ceased in the 2000s. Today, refillable glass packaging exists in Belarus; it covers exactly 5% of the market. However, there is no deposit system. The first attempts to introduce such a system in Belarus were made in 2012; however, they were unsuccessful in the absence of a sufficient economic and technological basis. In 2015, a feasibility study and a concept for introducing a deposit return system were developed. Then, in 2016, the Government included the introduction of a deposit return system in the state program "Comfortable housing and a favorable environment", a program for the development of accommodation of communal households including municipal waste. Later, in 2017, it approved the National Strategy for the Management of Municipal Solid Waste and Secondary Material Resources in the Republic of Belarus for the period up to 2035. This strategy provides for the introduction of a deposit return system by 2020 in the Republic of Belarus. It suggested including in the deposit system all types of glass and plastic packaging, as well as aluminum and steel cans the volume of which, following the example of Lithuania, would be from 0.1 to 3 liters. This would amount to a total of 1.8 billion units. This system would not include baby food and dairy products. Also exempt from participation in the DRS

are manufacturers of goods in reusable packaging. It is planned that the system will include all types of beverages: alcoholic and non-alcoholic, including strong alcoholic ones. The container deposit rate was also determined based on the example of Lithuania: 20 Belarussian kopeks or 9 euro cents. We want to say thank you to our Lithuanian colleagues who helped us greatly in forming our own understanding of the way that we want to introduce the said system in Belarus. Of course, we will have our own peculiarities that do not exist in Lithuania or other countries with deposits, which we will need to take into account.

Just like in the Lithuanian system, the participants in our DRS will be manufacturers and retailers. It is expected that manufacturers will finance the collection of each bottle. Just like in Lithuania, trade organizations will be the ones responsible for collecting the empties. And just like in Lithuania, we are proposing a centralized model, in which the management body (coordinator of the deposit return system) is responsible for the implementation of many tasks, including registering all participants and types of deposit beverage packages included in DRS; developing and approving agreements between all participants of DRS, logistics management and management of sales of secondary resources, reporting to state authorities, etc. Just like in the Republic of Lithuania and, probably, in other systems, both automated and manual collection of packaging is planned and we will use the same financing sources. Our preliminary reports show that the producer's fee to be paid by manufacturers for the support of the system under Belarussian conditions will be approximately 3.3 euro cents. That's what stage we are at now. Actually, we are in the stage of drawing up legislation for introducing a deposit system. The legislation is to be drawn up as a special order of the President of the Republic of Belarus as well as normative legal acts of the Government concerning implementation of the said order. I can tell you right away that the process is quite difficult because, just like, probably, in most countries, it receives great resistance from manufacturers and retailers who do not wish to assume additional obligations.

Our plans also include attracting an investor who has some experience in developing and running such systems. How will we do that? Potential investors will be attracted by means of an open tender. The major criteria for the evaluation of bids will include the qualifications of the bidder and financial conditions of the investment return, i.e. how much the investor will charge for its services, for building the said system. In general, it is planned that the investor shall have experience in the development and operation of similar systems in other countries. Investments can be attracted for the following purposes (jointly or separately): development of collection points for deposit packaging in trade organizations and providing them with necessary equipment (RVM installation, as well as for manual collection); development of counting centres; development of a logistical system for transportation of deposit packaging from the collection point to the counting centre; development of a system of payment settlement between DRS participants; etc. It is proposed to structure the relations with the investor under the investment agreement according to the following scheme: Design – Build – Finance – Operate (DBFO).

Our studies show that the introduction of the deposit system in the Republic of Belarus will require a sufficiently reasonable scope of investment between 85 and 100 million euros. The investment costs of RVMs, counting centres and so on are estimated to be approximately 45-60 million euros. The remaining funds, probably, are not relevant to any of the other deposit systems today but are necessary as a result of the peculiarities of Belarus. It is planned that the coordinator of the system will assume the obligation to fully finance this system during the first stage, i.e. including the deposit paid out to the residents, the deposit fee in order to reduce the load on manufacturers and retailers in the first months. In this way,

the system needs some working capital which, according to our assessment, could amount to 35-40 million euros in order to launch such a system in the Republic of Belarus.

In conclusion, I want to point out some of the advantages of introducing a deposit system in such a country as Belarus. Firstly, this system will not require any budgetary financing or increase in the rates residents pay for the handling of municipal waste. Secondly, the deposit system will reduce volumes of landfilled recyclables and will increase volumes of recyclables collection by 10%. Thirdly, the deposit system will result in less impact on the environment. At least 80% of packages will be collected compared to 24% percent in 2016. And, of course, the introduction of a deposit system will reduce the costs of handling municipal waste by more than 30% and will attract the necessary investments in the support or development of a separate collection system for municipal waste. This is important because, in the end, the costs are included in the rates and paid by the residents.