



IN THE MIDDLE OF TRANSFORMATION FROM LANDFILL TO CIRCULAR ECONOMY: RECENT DEVELOPMENTS AND KEY PLAYERS IN THE RUSSIAN WASTE MANAGEMENT MARKET

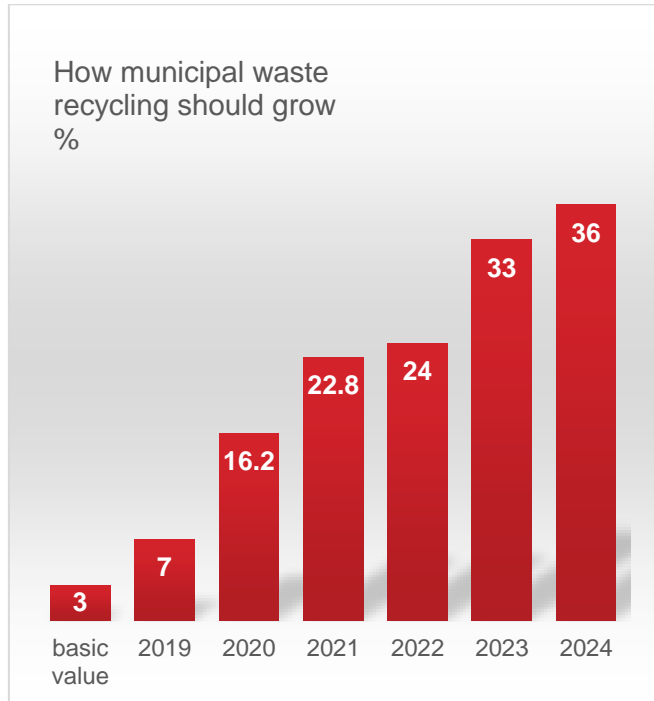
Russia has had no tradition of recycling, waste separation, and incinerating waste for centuries. Landfills were widely the only solution for waste disposal, but after 2000 they had increasingly reached their capacity limits. Furthermore, many of them were poorly equipped, leading to a number of challenges for the local population and the environment (bad smells, pollution of ground water, release of toxic gasses). Consequently, the issue of waste management, specifically the growing landfill troubles, has become a concern to both the public and the government.

The garbage reform began in Russia in January 2019. Its goal is to create a circular economy while increasing the share of waste recycling and decreasing waste disposal. Each region should introduce its own regional model for the collection, processing and disposal of waste, as well as select regional waste operators.

RUSSIA'S AMBITIOUS NATIONAL GOAL BY 2030 IS TO SORT 100% OF WASTE AND REDUCE THE AMOUNT OF WASTE SENT TO LANDFILLS BY 50%

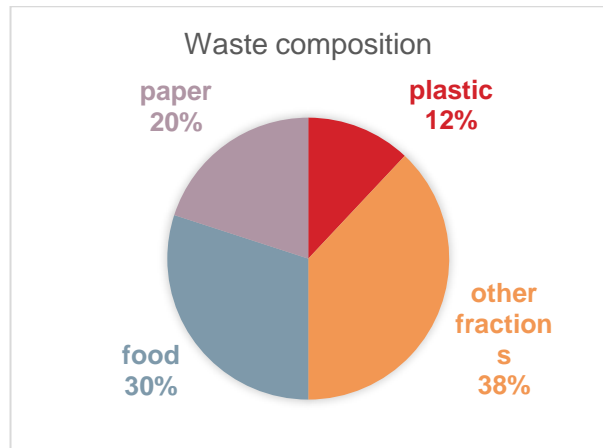
Currently, only about 26% of the Russians have access to separate waste collection, with about 92 thousand garbage containers installed throughout the country. To fully provide the Russians with the ability to separate waste, 420 thousand containers are required.

In 2021, 42% of Russians are supposed to have access to separate waste collection.



At the moment, Russia produces about 60 mln tons of solid municipal waste, only 30% of which is sorted and about 5% is reused for production of new products and energy. While up to 70% is considered recoverable.

To reach the recycling goal of 50%, infrastructure and technologies are required, as well as investments and education. As for infrastructure, currently, about 1'800 recycling and disposal facilities exist in Russia, many of them need to be modernized. Another 1'200 should be created.



ROLE OF THE RUSSIAN ENVIRONMENTAL OPERATOR

To implement this goal, the government established a public legal company - Russian Environmental Operator, an organization which should help the state to ensure the implementation of the entire reform of waste management and processing of secondary material resources.

The objectives of Russian Environmental Operator:

Health and environment protection	- Prevent harmful effects on human health and the environment.
Recycling	- Create a system of recycling and using recycled materials for the production of new products and energy.
Investments	- Foster investment activity for solid waste management.
National project "Ecology"	- Implement the National Project "Ecology" in the part of solid waste management.

Russian Environmental Operator is supposed to deal with the implementation of the road map for the introduction of separate waste collection. There is a wide range of issues - from the arrangement of container sites to the creation of new construction standards, for example elimination of such a vestige as garbage chutes in apartment buildings.

ROLE OF THE REGIONAL OPERATORS FOR WASTE MANAGEMENT

In 2019, in order to consolidate the waste management industry, and make it more transparent, large regional waste operators were created to replace the large number of existing companies.

A regional waste operator is a legal entity whose responsibility is to organize and supervise waste collection, transportation, decontamination, recycling and disposal in a particular region, or part of a region. For example, in Moscow region, there are seven regional operators. All regions have already switched to the new system except the city of Moscow and St. Petersburg, both have to start the reform by 2022.

The status of a regional operator is granted for a period of 10 years. A regional operator is allowed to carry out all activities of the waste disposal chain, or contract other companies. A regional operator is also free to decide which technologies and equipment is used on the territory under its responsibility.

While a foreign company can become a regional operator, as for example the German Remondis operating in Saransk since 2011, this new type of business seems more suitable for big players with considerable financial possibilities. Nevertheless small business may also benefit from this reform by entering into contracts with the regional operators, or by manufacturing and selling waste-related products - for example, the demand for waste containers has increased by hundreds percent.

Since Russia is only in the beginning of the waste management reform, Swiss companies may offer different technologies in this sphere. Most interesting for Russia is technologies for decontamination and recycling. As well as technologies for reclamation of closed landfills, waste treatment facilities, waste to energy plants.

For example, in the Moscow region, the most urgent task is closing and reclamation of existing landfills, construction of incinerators and waste processing plants. In addition, the region is implementing a pilot project on building four thermal waste processing plants.

To learn more about regional operators of Moscow region, you may visit their web-sites:

- Ecopromservice <https://ecopromserv.ru/>
- EcoLine-Voskresensk <https://ecoline-voskresensk.ru/>
- Kashirsky Regional Operator <http://kashirskyro.ru/>
- Khartiya <http://mo.hartiya.com/zhitelyam-kvartir/>
- Ruzsky Regional Operator <http://ruzskyro.ru/>
- Sergievo-Posadsky Operator <http://s-posadskyro.ru/>
- MSK-NT <https://www.msk-nt.ru/>

CONCLUSIONS

Russia is in the beginning of the waste reform implementation.

The Russian Environmental Operator supervises and coordinates the reform in each Russian region. The company's main and direct task is to lead the reform of the solid municipal waste management industry and have a real impact on the creation of infrastructure. This institution is meant to help the government in all areas of the environmental agenda, including the creation of environmental monitoring systems.

The regional waste operators can become the point of entry on to the Russian waste management market. They choose how waste is treated on their territory and which technologies are used. They also select contractors for each step of waste management.

Swiss companies can offer technologies for the Russian market. Russian regions are diverse and may be interested in different technologies.

The main challenges are - made in Russia preferred, and high cost of Swiss made technologies and equipment.

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